

ECONOMIC AND SOCIAL CONDITIONS IN PUERTO RICO

REPORT OF THE COMMITTEE ON TERRITORIES AND INSULAR AFFAIRS

PURSUANT TO

S. Res. 26
(78th Congress)

A RESOLUTION TO INVESTIGATE ECONOMIC AND
SOCIAL CONDITIONS IN PUERTO RICO



DECEMBER 21 (legislative day, DECEMBER 15), 1943.—Ordered to be
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CONTENTS

	Page
Introduction.....	1
A. Hearings at Mayagüez.....	3
B. Hearings at Ponce.....	4
C. Hearings at San Juan.....	5
Section 1. Shipping.....	6
Chapter 1. Shipping situation prior to this investigation.....	6
Chapter 2. Action taken by subcommittee.....	10
A. Increase in shipping allocations.....	10
B. Charges of complacency and procrastination.....	10
1. Sugar shipments to United States and England.....	11
2. Needlework tonnage.....	11
3. Fertilizer for sugar industry.....	11
4. Priorities for bottle-manufacturing plant.....	11
Chapter 3. Shipping situation today.....	12
A. Subsidiary shipping plans and problems.....	13
B. Part played by Army and Navy transports.....	14
C. Ships sailing for Cuba in ballast.....	14
D. Dry cargo received in Puerto Rico in 1943.....	15
E. Shipments from Puerto Rico to United States, 1943.....	15
Chapter 4. Tankers for molasses and petroleum.....	17
A. Tankers for petroleum.....	17
B. No tankers for molasses.....	17
C. Alternative solution offered.....	18
D. Present situation of molasses.....	18
Chapter 5. Shipping aspects of local industries.....	20
A. Rum industry.....	20
B. Bottling plant.....	20
C. Other new industries.....	21
Section 2. Unemployment.....	23
Chapter 1. Permanent unemployment.....	23
Chapter 2. Wartime unemployment.....	24
Chapter 3. Relief program of the government of Puerto Rico.....	27
Chapter 4. Work Projects Administration.....	28
A. Continuance of Work Projects Administration—S. Res. 981.....	29
B. H. J. Res. 128.....	29
Chapter 5. Puerto Rican labor emigration to United States.....	30
A. Efforts of the Department of the Interior and the insular government.....	31
B. Navy Department's offer of convoy escort and suggestion for War Shipping Administration supply ship.....	31
C. War Department's recommendations.....	32
D. War Shipping Administration's answer.....	32
E. War Food Administration's answer.....	32
F. War Manpower Commission's slow action.....	32
G. Arguments on the transportation to the continent of aliens instead of Puerto Ricans.....	34
H. Subcommittee's opinion on actions taken.....	35
Chapter 6. Puerto Rican labor emigration to Latin America.....	36
A. Emigration a permanent problem.....	36
B. Why reference is necessary.....	36
C. Action of the subcommittee.....	36
D. Criticism by subcommittee.....	37

Section 3. Food.....	38
Chapter 1. The food crisis.....	38
Chapter 2. Procurement and importation of foodstuffs.....	41
A. Agreement between Departments of Agriculture and Interior.....	41
B. Recommendations of Anglo-American Caribbean Commission.....	41
C. General Supplies Administration of Puerto Rico.....	42
D. Food Distribution Administration.....	42
E. Practices adopted, errors, etc.....	43
1. Complete control by Department of the Interior and Food Distribution Administration.....	43
2. Procurement advice from Trade Advisory Committee.....	44
3. No representation of island trade in committee.....	44
4. Charges of brand elimination.....	44
5. Needlework materials not shipped.....	44
6. Charges of dislocation of trade and other charges.....	44
7. Stock piles in Puerto Rico and in continental ports.....	45
8. Importers denied right to import.....	45
F. Food importations from foreign countries.....	46
Chapter 3. Accomplishments.....	47
A. Trade Advisory Committee.....	47
B. Puerto Rican representation in Trade Advisory Committee.....	47
C. Restoration of certain commodities to the trade.....	47
Chapter 4. Free distribution of food.....	49
Chapter 5. Local food production.....	50
A. Normal island food production.....	50
B. Plans and actions taken to increase food production.....	50
1. Seed and fertilizers furnished by government of Puerto Rico.....	52
2. Loans granted and fertilizers donated to small farmers by Farm Security Administration.....	52
3. Loans granted to large farmers by Farm Credit units.....	52
4. Crops raised by Work Projects Administration for school lunch program.....	52
5. Technical and financial help of Farm Security Administration.....	52
6. Establishment of guaranteed prices for local food production and marketing facilities.....	52
C. Further suggestions made.....	53
1. Increase of funds under Bankhead-Jones Act.....	53
2. Raising of crops by Surplus Market Administration.....	53
3. Increase of food production by Work Projects Administration.....	53
D. War year 1942 food crops.....	53
E. The President's interest in the program.....	54
F. H. R. 7505 (77th Cong., 2d sess.) providing \$15,000,000 for Puerto Rico, and rider on Tugwell's incumbency.....	54
Conclusion: Basis and nature.....	56

NOTE.—References to the subcommittee's printed record are designated by part number and page number, as pt. 1, p. 131, without further indication of the title, except in the case of the hearings on S. Res. 309 (77th Cong., 2d sess.), which are so designated.

ECONOMIC AND SOCIAL CONDITIONS IN PUERTO RICO

DECEMBER 21 (legislative day, DECEMBER 15), 1943.—Ordered to be printed

Mr. CHAVEZ (for Mr. TYDINGS), from the Committee on Territories and Insular Affairs, submitted the following

REPORT

ON ECONOMIC AND SOCIAL CONDITIONS IN PUERTO RICO

[Pursuant to S. Res. 26, 78th Cong.]

INTRODUCTION

This report on the temporary problems of Puerto Rico is submitted by the Subcommittee of the Committee on Territories and Insular Affairs pursuant to Senate Resolution 26 of January 28, 1943, which, in effect, continued the study and investigation of the economic and social conditions of Puerto Rico commenced under Senate Resolution 309 of November 27, 1942.

The subcommittee submitted to the full committee a preliminary report in the early part of January 1943.¹ On the basis of that report, the scope of the subcommittee's study and investigation was enlarged by the Seventy-eighth Congress to cover the economic and social conditions in Puerto Rico, whether arising out of the war or previously existing therein, by eliminating from the original resolution the words "resulting from the interruption of the normal flow of trade between Puerto Rico and the United States which has been brought about by the war."

It will be noted that both of the resolutions exclude the political aspect, thus differing from the House resolution under which there is now being conducted an investigation of the political as well as the social and economic conditions in the island.

In the preliminary report submitted under Senate Resolution 309, this subcommittee classified the problems of Puerto Rico as follows: Permanent problems and temporary problems. At that time the committee was primarily concerned with the latter, but it was recognized that the permanent problems furnished the background for the understanding of those temporary problems. Therefore, the committee concluded that the study and investigation should be enlarged in scope to include the complete field.

¹ See pt. 1, exhibit 33, pp. 299-322.

The temporary problems existed as a result of the submarine warfare, and they centered around shipping. As such, the Puerto Rican problems were only corollaries of the national problem. In the opinion of this committee, they had to be considered first from the viewpoint of the island, secondly from the viewpoint of the Nation, and lastly from the international viewpoint. It was further opined that their many ramifications intensified the permanent problems of the island and, necessarily, the committee would have to approach the problems from the different angles.

The permanent problems were classified succinctly by the committee into: (a) Overpopulation, accentuated by the lack of arable land, the lack of emigration, the advancement in sanitation and modern medicine that resulted in reduction of death rate, and the continued large birth rate; (b) need of new industries; (c) unemployment and low wages; (d) foreign trade, etc.

Soon after the new resolution authorized this committee to make the more extensive study and investigation, we realized that there were many problems of such urgent and temporary nature that we could not delay action until a full and complete report had been prepared, as by that time it would be too late. In matters of urgency the subcommittee adopted the policy of seeking the cooperation of and immediate action by governmental officials and agents, as far as was compatible with constitutional concepts and practice, and therefore it bent its efforts to alleviate pressing critical conditions. This was accomplished by communicating with, consulting, examining, and questioning the officials and agents of the executive branch of the Federal and Insular Governments and, in turn, cooperating with them; likewise with the representatives of trade, industrial, agricultural, and labor organizations.

The results have justified our methods of procedure, and our expectations have been materially fulfilled.

This report is a factual account of the accomplishments to date. It is a report on the temporary problems referred to above, leaving for a future report, to be submitted at the earliest practicable date, the permanent problems, which because of their very nature demand a more thorough and intensive study and consideration if they are to serve a good and lasting purpose.

The present report, however, is not limited to the shipping problem alone, but it is a fact that shipping, the life line of the island, has affected the whole island in all respects. It will be readily noted that the critical condition of shipping is at the bottom of the morbidity of industry, the widespread unemployment, and the dangerously reduced food importation and food stock piling. Thus, a study of shipping must include such apparently unrelated subjects as wages and living conditions of wage earners, purchasing of food stocks in the United States and foreign countries, transportation of foreign laborers to the United States for the war effort, brand elimination, bottling facilities, etc. These subtopics of the shipping problem will, of course, be considered in this report.

The subcommittee left Miami at 8 a. m. on February 9, and, after making brief landings in Cuba, Haiti, and Santo Domingo, landed at San Juan, the capital city of Puerto Rico, at 5 p. m.

The following day we went on an island-wide tour of inspection, for the purpose of hearing citizens and trade and industrial groups, as well as labor representatives who could not travel to the capital city, where we intended to hold public hearings.

A. HEARINGS AT MAYAGÜEZ

That same evening the subcommittee had a general discussion of the problems affecting Puerto Rico with representatives of industry, commerce, and agriculture. The meeting was adjourned late at night to the following morning, when trade, industry, and labor representatives expressed their views and submitted reports thereon.

Mayagüez is the heart of the needlework industry in which some 80,000 workers were formerly employed, not only in factories but also in homes in the towns and in the highlands. There we noticed the slump in which this once prosperous industry has fallen. Some factories were closed and abandoned; others were temporarily closed for lack of materials to process, and others were just "marking time." But, in spite of the crisis through which this industry is passing, the industrialists are holding their line and are ready to put their shoulders to the wheel. In a nutshell, what the representatives of this industry asked for was that they be allowed to obtain materials and to ship the finished merchandise, thus giving employment to thousands of people. Labor asked for "work and more work" and not relief money.

Miss Arcelay, an outstanding leader in the industry and a prominent former legislator, who commands the greatest respect in the industrial as well as the political and social world, summarized it in this fashion:

One thing I want to emphasize, and I want to do it very strongly—that we do not want relief, we want work. Relief does not solve our problem; it is only a palliative and quite degrading to our people. What we need is work. Give us the opportunity to put our factories to work so that we can put our people on their feet. We are an industrious and capable people, and we prefer to work.²

At Mayagüez is located the seat of the College of Agriculture, a part of the University of Puerto Rico; there, too, is the U. S. Agricultural Experiment Station. We heard, among others, the dean of the college, Mr. Rafael Menéndez-Ramos, formerly commissioner of agriculture and commerce, on the important problems of agriculture. The dean said that the main problem of the island is to find useful and profitable employment for the great rural population and that "the only way" this can be accomplished is "by developing and maintaining in Puerto Rico a prosperous and self-sufficient agriculture." He added that "experience has proven that the only profitable form of agriculture that has been able, year in and year out, to afford a relatively decent way of living to the Puerto Rican farmer is sugarcane culture."³

We also heard witnesses who put forward varied propositions, including one suggesting that Congress should "lend Puerto Rico \$100,000,000, to be repaid, without bearing any interest within 40 years" to carry out "a plan of social and economic reconstruction"; the proponent, Mr. Sánchez-Justiniano, outlines this suggestion in his statement submitted to this committee.⁴

² See pt. 1, p. 14.

³ *Id.*, pp. 11-12.

⁴ *Id.*, pp. 4-5.

Another witness presented us with a "stop, look, and listen" sign by calling to our attention the beginning of an exodus of local capital to Florida and other States. This ominous departure of capital is possibly a repetition of the flight several years ago of the tobacco-manufacturing industry which took away thousands of jobs from island labor.

A reading of all this testimony leads us to believe that the responsible citizens of Puerto Rico are alive to their precarious situation and that they are not unwilling to undertake the burden of responsibility and the solution of their grave problems.

The distances between towns are very short, in some instances less than 3 miles; schoolhouses and small stores continuously punctuate the countryside.

That section of the island over which we had gone so far contains very fertile land. Vegetation is verdant all year around, due in part to the heavy rainfall. As we approached the southern side of the island we saw plains instead of mountains. Vegetation here was less abundant and irrigation is necessary. All along the coast from northeast to northwest and from southwest to Ponce, which we were then nearing, sugarcane was the predominant crop. As we advanced, it seemed to be the only crop in the south. Some of the largest centrals are located here, and we visited a number of them.

B. HEARINGS AT PONCE

As we entered Ponce, the second largest city, we passed by the recently established cement factory and two Federal housing developments. The cement plant is an eloquent example of what industrialists can accomplish in solving local problems.

In Ponce we heard representatives of agricultural, trade, and banking groups of that region. A public meeting was held at the Alcaldía Municipal following which the colorful but laconic alcalde (mayor) accompanied us all over the city (he preferred to show us rather than to talk) and to the slums and then to a very unique experiment in the matter of low-cost housing, which attracted and held our interest. Eventually, in our final report we will contrast this project with those already referred to, which are more costly.

The public hearing at city hall was not reported, but the witnesses submitted, later on, short reports on conditions prevailing there.

Unemployment is acute there, as it is all over the island, especially in Playa de Ponce, the port of entry, where the 2,000 longshoremen are totally unemployed due to the war measure taken by military authorities in closing 15 out of the 18 ports of the island.

On our return trip to San Juan we passed Cayey, where the United States Army maintains another field. It is the center of a fast-declining, if not moribund, tobacco agriculture. Tobacco agriculture seems to be following the now-extinct tobacco-manufacturing industry which flourished some years ago in the island. The hillsides, once muslin-covered to shelter the delicate tobacco plants, no longer had their widely known snow-covered appearance. The warehouses and surrounding buildings, where tobacco used to be stored and dried, looked dilapidated, and were, in some instances, completely abandoned, mute evidence of the poor situation of that industry today.

During that interesting and illuminating tour, we saw the possibilities of the island, and, in contrast, we saw the hut and the palace, luxury and want, as in any other place on this earth, but here the extremes were certainly more accentuated.

C. HEARINGS AT SAN JUAN

Friday afternoon, February 12, we returned to San Juan and that evening we met many insular government officials and some of the representatives and agents of departments of the Federal Government.

The next morning at 10 o'clock we started the public hearing, holding morning and afternoon sessions continuously till Friday, February 19.

We heard in the course of these hearings a total of 45 witnesses: representatives of labor, trade, commerce, industry, agriculture, and even civic and educational institutions, quite a number of officials and employees of the insular government, and representatives or agents of the branches of the Federal Government engaged in Puerto Rican affairs.

Where the testimony of the witness was of such a nature that a supplemental written statement was advisable, he was asked to submit it to the counsel for the committee; many of the witnesses did so.

Because of the lack of time we could not hear the representatives of many other organizations, and these were asked to submit memoranda instead, which were to be made part of the record as if they had been submitted orally to the subcommittee. All of these representatives subsequently submitted to counsel the memoranda requested. Not every one of these memoranda has been printed as part of the record, in some instances because they are repetitions of statements and memoranda already made a part of the printed record, and in other instances because in our opinion they did not have to appear in the record; nevertheless, they are kept in the files of the subcommittee, available for inspection to all persons interested therein. The few which were submitted in Spanish were translated by counsel into English.

The testimony of each witness has been painstakingly corrected with his cooperation and edited so as to make as clear a picture as possible. All statistical data and every single memorandum, map, or chart submitted have been carefully examined; the contents thereof have been duly analyzed, primarily to determine whether the same should be made a part of the printed record, leaving out no page or part thereof which would throw any light on the subject matter of our study and investigation, but keeping the weeded-out records in the files of the subcommittee.

References made in the course of this report are from the printed record and from the preliminary report of the subcommittee which was made a part thereof and marked "Exhibit 33."

SECTION 1. SHIPPING

CHAPTER 1. SHIPPING SITUATION PRIOR TO THIS INVESTIGATION

Shipping is the main cogwheel in the Puerto Rico-United States commercial machinery; it is the life line of the island. On it depend almost entirely the cash crops (without which Puerto Rico could not survive) and the importation of more than half of its food and all of its industrial and agricultural machinery and supplies.

In studying the shipping problems of Puerto Rico, one must go back before the war, in fact to the time of the American occupation, to be able to understand the influence which this industry has exerted over the island economy and the contributions it has made to it. Much credit goes to it for the development of the commercial relations in general, but, as in all cases of big business, there are black pages in its history.

Early in the century, three large steamship lines started a cut-throat competition with small steamers and ships until the Big Three actually held a tight monopoly of the trade. However, because that aspect of the shipping problem is of a permanent nature, we will leave it to be considered at length in a later report. Let us consider now the temporary problems.

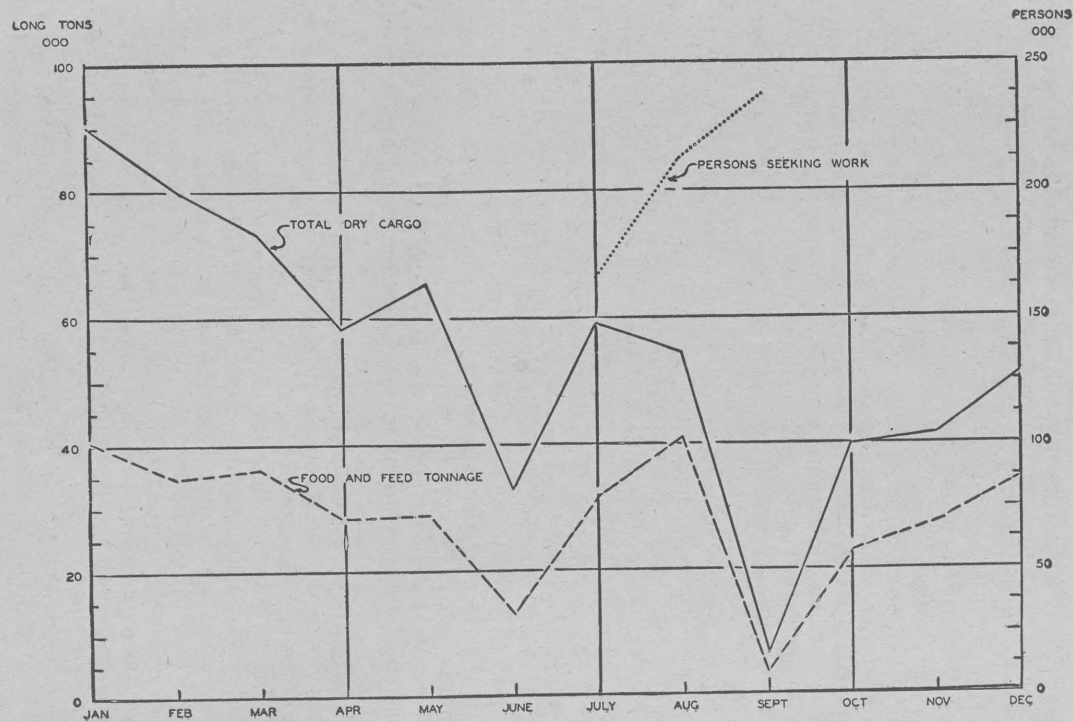
During the peak of the submarine warfare, when the island was practically blockaded, Puerto Rico received only 3,000 tons of cargo in September 1942 (compared with the normal 100,000 tons per month). On page 7 there is a graph, prepared by the Office of Statistics of the government of Puerto Rico, showing the total dry tonnage received for civilian use in 1942, by months, and also the foods and feeds tonnage received. It can be seen that the amounts of cargo for other months immediately preceding and following September were higher; nevertheless they were not sufficient for a mere subsistence level, and stocks of supplies dwindled away.

The all-time low of 3,000 tons caused a panic in the island and protests arose from all social strata of Puerto Rico, which materialized in editorials and articles of all sorts in the national press. Actual food riots ensued; fortunately there was no bloodshed.

In an effort to alleviate that serious situation, ships were ordered to leave from Gulf ports instead of Atlantic ports as early as April 1942.

When the committee began to work in the early part of December, practically all food stocks in the island had been depleted to the vanishing point, due to the fact that dry cargo for 1942 had averaged only 62 percent of the base year of 1940. The monthly tonnage assigned to it was insufficient to cover current monthly consumption, much less to build up stock piles sorely needed in hours of danger threatened by the possible recurrence of the submarine blockade. Only world events as we now know them prevented such a catastrophic repetition.

TOTAL DRY TONNAGE RECEIVED FOR CIVILIAN USE BY MONTHS, FOODS AND
FEEDS TONNAGE RECEIVED AND PERSONS SEEKING WORK, 1942.



The following figures will complete the picture of the situation then existing: Compared with the base year of 1940, during June 1942 only 37 percent of dry cargo was imported; during July, 67 percent; August, 62 percent; September, 7 percent; October, 45 percent; November, 47 percent; and December, 58 percent. Likewise, compared with the base year of 1940, the following percentages of foodstuffs were imported: June, 42 percent; July, 103 percent; August, 134 percent; September, 12 percent; October, 75 percent; November, 90 percent; during December, 126 percent; January 1943, 88 percent; February 1943, 84 percent; and March 1943, 145 percent.

War Shipping Administration was then, as it is now, responsible for the assignment of shipping tonnage. As far back as July 9, 1942, it set a limitation of 25,000 tons per month for Puerto Rico, which subsequently was increased to 30,000 tons. No justification for these figures has as yet been disclosed, except the national shipping conditions of that time. The figures seem to be too low in the light of subsequent studies and calculations.

In the meantime the Governor of Puerto Rico had set up a committee of four, in which committee the trade of the island was represented, for the purpose of determining the island's needs. After a thorough study they submitted a report on October 16, 1942, concluding that 56,512 tons was the minimum required. In the letter of transmittal, Governor Tugwell asked War Shipping Administration for an assignment of 56,000 tons per month, and shortly thereafter cabled W. S. A. to increase the 30,000-ton allotment. War Shipping Administration challenged the accuracy of the Governor's report and, from then on, conference followed conference and letter followed letter in a never-ending exchange between the War Shipping Administration, the Interior Department, and the Governor, but the unfortunate truth is that the situation continued as theretofore.

Finally, the Secretary of the Interior obtained on November 17, 1942, a promise of an increase of tonnage from 30,000 to 42,000 per month.

The tonnage actually shipped during December 1942 was 56,103 short tons; during January 1943, 34,694; during February, 37,797; and during March, 60,074.

In the meantime the most absurd measures had been proposed and tried. The small-shipping angle, which will be hereinafter described, had seemed to be so promising but was in a muddle. The land-sea route (Florida-Gulf ports-Cuba-Haiti-Santo Domingo-Puerto Rico), also to be discussed later, for which Lend-Lease had granted \$500,000, showed no appreciable results; it could be justified solely as a famine insurance measure because of the unbelievably high cost of transportation by that route.¹

The merchandise which the Puerto Rican trade had purchased in the United States was either rotting or lying idle in warehouses, to the detriment and considerable loss of the tradesmen, and, what is more, this situation was contributing to the chaos and loss of morale of the people. Agriculture had no hopes of getting the sorely needed fertilizers, pest-fighting chemicals, insecticides, and other indispensable supplies, the first due to recommendations made by the Combined Food Board (hereinafter referred to²) prohibiting the shipping of ferti-

¹ See p. 13 of this volume.

² See p. 11 of this volume.

lizers to the Caribbean zone, and the rest because of ill-advised measures, to say the least, in the allocation of foodstuffs, agricultural, and industrial supplies. The same situation applied to the vital supplies for the all-important needlework industry on which tens of thousands of citizens depend for their bread.

The situation was chaotic, to say the least, and is difficult to present adequately by words. The past is past but it is also prologue; it is in that spirit that we now relate the errors and omissions in administration. For it is also true that real improvements have been accomplished with the aid of those who were responsible for such critical conditions, those who awakened at last.

To finish the picture sketched above, before discussing the actions taken by the subcommittee to cure the defects and ill-advised measures, we must add that, in using the \$15,000,000 granted by Congress for the stock-piling of food supplies, the Federal agencies in charge thereof launched a program which went further than purchasing, warehousing, and distributing the foodstocks needed, and actually undertook all trade activities, from the determination of the food to be purchased and the purchasing itself to the sale and distribution to the consumers. In doing so, they disregarded, to an unnecessary degree, the advice and cooperation of the insular tradespeople and importers, and especially the participation of the latter, who cried out loud to the heavens, with sufficient justification as it developed later. These activities, of course, occasioned errors in judgment and those errors which naturally flow from inexperience and mushroom organizations. Food and supplies were purchased which the islanders did not want, or which were not suitable for them, or which were not canned, packed, or of the class to meet the requirements of the local climate or customs. All this contributed to the dislocation of business, confusion, and ill will toward the Federal and Insular Governments, to the point where charges of "socialism" and "socialistic experimentation" were made, all of which blew ill winds threatening social upheaval, the final chapter of which is difficult to foretell.

CHAPTER 2. ACTION TAKEN BY SUBCOMMITTEE

A. INCREASE IN SHIPPING ALLOCATIONS

Soon after this subcommittee came into existence, its chairman and counsel proceeded to conduct personal interviews with the Deputy Administrator of War Shipping Administration and other high officials in charge of shipping, as well as with the Under Secretary of the Interior and officials in the Agricultural Marketing Administration (now known as Food Distribution Administration) of the Department of Agriculture, which had negotiated with War Shipping Administration in regard thereto. Their correspondence and records were thoroughly examined. Copies of all correspondence and records relevant and material to the subject matter, including photostats, were obtained and a complete study and investigation was made of the situation, keeping in mind the national war effort and its relation to Puerto Rico.

Once in possession of the facts, we requested an increase in tonnage consistent with the national shipping situation, which had by that time improved to a visible degree, an improvement of which the public learned later, when the North African invasion was over.

An increase to the following totals was accordingly granted: For January 1943, to 36,220 tons; for February, to 61,602 tons; for March, to 47,414 tons; for April, to 56,851 tons; for May, to 68,122 tons; for June, to 58,550 tons; for July, to 47,400 tons; for August, to 52,900 tons; for September, to 51,400 tons; for October, to 62,900 tons; for November, to 66,100 tons. All above figures are in long tons.

The clearances for actual shipments are not published for evident reasons, but we can confidently say that our request for an increase in tonnage met with success.

B. CHARGES OF COMPLACENCY AND PROCRASTINATION

In the course of these negotiations and activities, the island trade, agricultural, and industrial interests have addressed the subcommittee for the purpose of obtaining help in trying to solve their problems, charging the departments and agencies of the Government with complacency, hesitancy, lack of interest, procrastination, and other similar charges; they pinned their hopes upon our efforts. Realizing that we could not, and would not, attempt to direct or take over the administrative duties of the departments and agencies in charge of these activities, nor supplant their criteria with ours, we nevertheless endeavored, because of the urgent nature thereof, to bring all parties concerned to an amicable and rational understanding, and urged the governmental agencies to cut as much red tape as possible, urging action as quickly as possible under the given circumstances.

Be it said in all fairness to the latter that we have met with a high degree of cooperation, as is evidenced by the results herein reported.

We have met all along the line with a fine spirit of cooperation and no resentment, due in part, perhaps, to the realization that the situation could not be worse and had reached a critical stage. Examples follow:

1. *Sugar shipments to United States and England.*

From January 1 to June 13, 1943, 299,191 short tons of raw sugar plus 26,388 short tons of refined sugar, or a total of 325,579 short tons, were shipped from Puerto Rico to United States and England. This is excellent when compared with the 438,445 short tons shipped out during the same period in the year 1942.

2. *Needlework tonnage.*

The needlework industry requested in the course of our visit to the island an allocation of 500 tons of merchandise to keep it alive. We approved of the request for reasons hereinafter stated and recommended compliance therewith to the Department of the Interior. It was subsequently granted, and since then the following monthly shipments have been made: In March, 601 long tons; in April, 650 tons; in May, 646 tons, and in June, 781 tons. In July only 243 tons were shipped, but recommendations have been made for 725 tons, which the industry could not use.

3. *Fertilizer for sugar industry.*

The sugarcane industry needed fertilizers, but the Combined Food Board, a joint agency of the United States Government and the United Kingdom, on October 20, 1942, had adopted a recommendation not to use fertilizers for sugar crops and not to ship any fertilizers to the Caribbean zone for the same purpose.¹

After we looked into this matter, on February 22, 1943, a recommendation was made which in effect allowed 50 percent of fertilizers formerly used per acre. Since then, the following shipments have been made to Puerto Rico: March, 2,300 tons; April, 8,300 tons; May 5,200 tons; June, 12,905 tons; July, 21,116 long tons; August, 13,928 short tons; September, 11,453 short tons; and October, 5,352 short tons.

A request for 10,000 tons of shipping space per month from July 1943 to June 1944 was made by the sugar industry to the Department of the Interior. The Senate of Puerto Rico memorialized Congress on March 11, 1943, for similar relief.² The request was granted, and more than 10,000 tons of fertilizers have been shipped monthly.

4. *Priorities for bottle-manufacturing plant.*

A bottle-manufacturing plant was planned, to be installed under the auspices of the government of Puerto Rico. Priorities were needed for the transportation of the machinery. We endorsed as strongly as we could the granting of the priorities, which were granted in a short period of time. Since then we learned that the President of the United States, at the request of the Department of the Interior, also made a similar request.

As we go along in this report, similar examples will come to light; it would be repetitious to relate them extensively at this point.

¹ Puerto Rico has imported for many years roughly about 160,000 tons of fertilizers, 120,000 whereof is used on sugarcane.

² See p. 12 of this volume.

CHAPTER 3. SHIPPING SITUATION TODAY

The shipping situation as regards Puerto Rico is in a far better condition than it was in December 1942. This is admitted by all parties concerned. By this admission we do not mean that there is no room for improvement. There is a great deal that can and should be done to make the best use of available cargo space, stopping losses as far as is humanly possible, and taking advantage of all other shipping facilities. The space, it is charged, is not being used to the best advantage.

On March 11, 1943, the Senate of Puerto Rico unanimously adopted a resolution memorializing Congress to "enact legislation to the effect that, while the present war emergency exists, there be assigned shipping space for the shipment of 60,000 tons a month for food articles for our island and raw materials and fertilizers for insular industries and agricultural activities."

War Shipping Administration allotted only 45,000 tons per month, which, in our estimation, should be increased as developments in war conditions justify such increases, and we are confident War Shipping Administration will do so in the future as it has done heretofore.

Since our return from Puerto Rico, we requested from War Shipping Administration the figures concerning: (a) Tonnage that sailed for Puerto Rico during each previous month; (b) tonnage assigned for the current month. We requested from the Department of the Interior: (a) General schedule of imports as agreed upon, with any amendments; (b) assignments of space and licenses issued; and (c) actual clearances for the previous month. From the Department of Agriculture we requested: (a) Shipments made during the previous month; and (b) assignments made for the current month.

The Department of the Interior has furnished us regularly with the following: (a) Group recommendations and authorizations for each month; (b) group authorizations not covered by recommendations of the General Supply Administration of Puerto Rico; (c) tabulations of vessels and cargoes cleared from the United States for Puerto Rico; (d) any and all amendments or changes made in the previous month; and (e) clearances from Puerto Rico.

These reports have been furnished regularly, to date, by those departments and have been reviewed and examined by the counsel for the subcommittee, who has kept each and every member of this committee informed of the developments. The reports are retained in the files of the committee for reference and appropriate action, when necessary.

All this information, given to the subcommittee in the strictest confidence, cannot be made public because of its decided value to the enemy. However, enough of it has already been cited in this report to give a fair idea of the progress made so far. The parties or group associations interested therein, including representatives of the national and insular press, whose patriotic understanding and cooperation we ac-

knowledge gratefully, have been appropriately informed in due course, with the precautions that the situation demands.

A. SUBSIDIARY SHIPPING PLANS AND PROBLEMS

The Anglo-American Caribbean Commission sponsored the so-called land-sea route from the continent to Puerto Rico, for which purpose Lend-Lease Administration granted half a million dollars in November 1942. The project consisted of transportation by boats from the Florida or Gulf coasts to Cuba, across Cuba by truck or railroad, from eastern Cuban ports across the windward channel to Port-au-Prince in Haiti, from there by trucks across the boundary line to Dominican eastern ports, and across Mona passage to Puerto Rico. The main argument in favor of this proposal was the cutting of sea-going distance; the secondary argument was that small boats could be used to advantage across the short lanes in the channel between the islands, thus reducing the hazards of the submarine warfare.

Before criticizing this plan as we must, let it be said at the outset that it was conceived and put forward merely as insurance against famine resulting from a submarine blockade, with the claim that it was not, by any means, to be interpreted as a solution to the shipping problem of Puerto Rico. Therefore, their only assertion was that in an extremely dangerous crisis it might justify its high cost. In the meantime, they said, it would serve two other purposes: It would add a little to the food stocks in Puerto Rico and at the same time help the friendly nations involved, by improving and repairing their roads and giving their trucking industry and railroads some help and generally providing outlet for their surplus local food crops to Puerto Rico.

As such, of course, we have no criticism to offer. Food arrivals at Puerto Rico over this route were small. Because of its high cost, only enough tonnage was shipped to keep the highway in operation. It was decided to suspend it on August 1, on the advice of military authorities that it would be safe to do so.

The engagements with the governments of these island republics are being fulfilled, as we understand it, limiting their activities to the completion of the repair and construction work but not including their future maintenance.

Another project which had some relation to the land-sea route concerned small boats, those classified under 1,000 tons, and those over 1,000 but under 3,000 tons. We discussed them in our preliminary report hereinbefore mentioned, in which we stated that "half-baked ideas and measures are worse than none," and criticized the obvious muddle in which they were, not sparing from criticism in their respective responsibilities and actions either the said Commission, or the Inter-American Navigation Corporation, an instrumentality of the Office of the Coordinator of Inter-American Affairs, the Food Distribution Administration of the Department of Agriculture, the War Shipping Administration, or the Department of the Interior. In view of the fact that the project has been abandoned, we have no further commentary to make.

For further details of the plans and tonnage moved along this land-sea route, see page 46, *infra*.

B. PART PLAYED BY ARMY AND NAVY TRANSPORTS

One of the bright spots in the panorama is the significant contribution made by the transports of the Army and the Navy in the shipping of sugar to the States. Without their help the sugar situation might not be as good as it is.

We stated in our preliminary report that the transports of the Navy had moved 37,000 tons of raw sugar to the continent from July to November 1942. Additional subsequent reports show that the combined Army and Navy shipments for that same period reached 69,946 short tons, and since then they have increased it by 105,380 additional short tons up to June 12, 1943.

As far as sugar is concerned, the problem of shipping is practically or almost solved. This brings us now, however, to another unsolved problem in the hands of the sugar industry, that is, molasses. This problem, which is not solely a shipping problem, will be discussed in the next chapter because of its own peculiarities.

C. SHIPS SAILING FOR CUBA IN BALLAST

In contrast with the efficiency and helpfulness of the Army and the Navy, we have to witness the spectacle of American ships touching the ports of Puerto Rico and leaving those sugar-full ports in ballast for Cuba. For what purpose? Unbelievably, though true, to be laden with sugar destined for England, although there was so much sugar in Puerto Rico that there were no more storage facilities for new-crop sugar. Thus, ships go through a dangerous zone of over a thousand miles in ballast to take sugar and again traverse another thousand miles of a submarine-infested zone; in addition to the dangers involved, this is a needless and extravagant waste of time, use of ships, men, and fuel, when the ships could have been laden with sugar right then and there in the much nearer ports of Puerto Rico.

The subcommittee held a public hearing on this matter on the 29th of March 1943, and the representative of the War Shipping Administration, upon being examined, testified in substance that in spite of these incontrovertible arguments they would prefer to continue their untenable position. He said that the sugar in Cuba was purchased by England directly and could not be exchanged for sugar from Puerto Rico because the latter did not pay any import duty and no way had been found to absorb the sums of money which the Cuban sugar would have to pay upon entry into the United States, even if it were so imported in exchange for the duty-free Puerto Rico sugar. In other words, a mere bookkeeping operation is allowed to become a small but nevertheless an actual handicap in the attainment of victory and survival. A beautiful, admirable complaisance, conducive only to Hitler's happiness, because our brains cannot find an answer to such simple problems within the law as it stands, or suggest remedial legislation which could immediately allow the proper officials to cut the Gordian knot.

Fortunately, our insistence that this problem be solved was heeded. Since then 50,000 tons of Puerto Rican sugar were sold to the United Kingdom through the Commodity Credit Corporation and Lend-Lease Administration. This tonnage was moved in May and June 1942,

thus relieving in a small measure the sugar industry's economic condition, and the load in storage facilities, and stopping the loss of shipping use.

D. DRY CARGO RECEIVED IN PUERTO RICO IN 1943

The Puerto Rico General Supplies Administration reported the following dry-cargo tonnage received for civilian use only: In January, 31,540 long tons; in February, 34,361 long tons; in March, 54,613 long tons; in May, 80,927; and in June, 74,604 short tons, including cargo from foreign countries. In June the foreign cargo amounted to 19,139 short tons.

During April the dry cargo actually loaded was 39,957 long tons; in May, 59,290 long tons; in June, 47,902 long tons; in July, 48,779 long tons; in August, 53,866 long tons; in September, 54,457 long tons; and in October, 64,092 long tons. For November, 66,100 long tons of cargo were assigned.

E. SHIPMENTS FROM PUERTO RICO TO UNITED STATES, 1943

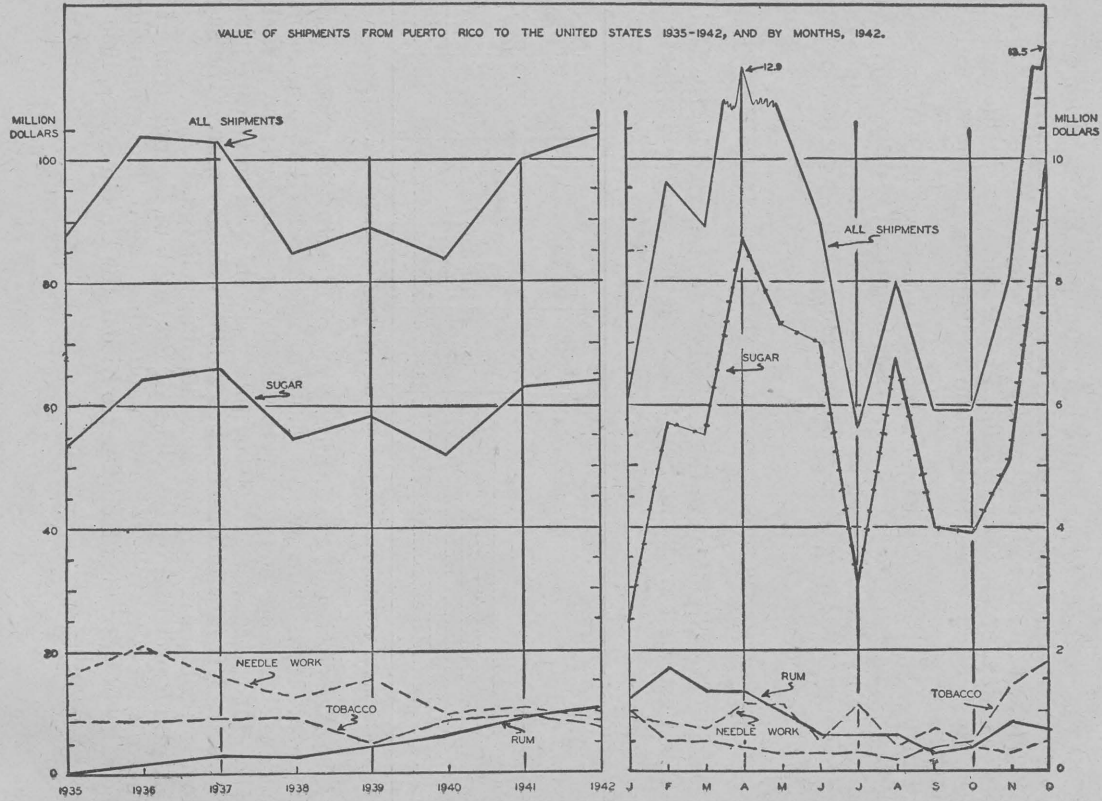
Among the shipments to the United States reported by the United States Customs Service at San Juan for the year 1943 appear the following:

	Sugar, tons	Tobacco, pounds	Needle- work	Rum, gallons	Denatured alcohol, tons
January.....	55,853	164,100	\$363,000	24,000	188
February.....	46,138	97,100	399,000	103,000	0
March.....	36,512	92,600	436,000	241,000	177
April.....	57,734				
May.....	72,283				
June.....	¹ 73,291				

¹ Up to June 12. Of that amount, 50,000 tons were for United Kingdom.

The Association of Sugar Producers of Puerto Rico reported that shipments from January 1, 1943, up to December 11, 1943, amounted to 796,000 tons as compared with 808,000 tons for the same period in 1942. Of these, at least 100,000 tons were shipped to Great Britain. There are left now in Puerto Rico 294,000 tons of sugar. The sugar storage problem is therefore considered as relieved.

A graph prepared by the Office of Statistics of the government of Puerto Rico is reproduced on the following page. The graph shows the value of shipments from Puerto Rico to the United States, 1935-42, and by months, 1942.



CHAPTER 4. TANKERS FOR MOLASSES AND PETROLEUM

A. TANKERS FOR PETROLEUM

Due to war emergency, tankers have been taken over for the war effort, and one of the early measures still in force forbids, in effect, tankers being used in the continent-Puerto Rico run. With these measures we have no quarrel and neither has anyone on the island. War Production Board deals with priorities on shipping space of vessels leaving Puerto Rico and bound for the United States, and determines the essentiality of all materials.

The alternative measure was to order petroleum products destined for consumption in the island to be brought there from Aruba. It was claimed that the distance on that run was only eight-hundred-odd miles round trip and that it was less than one-half of the distance from the Gulf ports to Puerto Rico, which would double time between ports. No complaints have been forthcoming from the powerful and well-represented petroleum industry, which seems to have been able to take good care of itself, whereas other industrial interests have failed in similar attempts.

B. NO TANKERS FOR MOLASSES

We refer to the molasses industry. This byproduct of sugarcane manufacturing, so vital and necessary in the manufacture of industrial alcohol and gunpowder and extensively used in production of glycerine and in feed for livestock, was, in the amount of some 30,000,000 gallons, lying idle in the local storehouses. For glycerine alone, 30,000,000 gallons were needed in the north of the United States back in August 6, 1942. The total repletion of the storage capacity and the new crop of 1943 coming shortly in February, estimated at 50,000,000 gallons, threatened spoilage and disaster for the industry. There was no apparent determination on the part of the interested parties to solve the dilemma; even the requests made by this industry to ship 2,000 tons of lumber, roll paper, and nails for the construction of storage facilities were not granted. To remedy the situation, as far as could be done under the circumstances, holes were dug in the ground and lined with a cement mixture for storing molasses, but it was fermenting in large quantities.

Whereas gasoline and other petroleum products could be shipped there as stated, molasses could not be moved in these tankers to Aruba, where they had no use for them, nor to any other place on the run to Aruba, and the tankers therefore had to return to Aruba in ballast. If this round trip is taken into consideration, although it is true that the run is shorter by half than that from the Gulf ports, it is also true that the tankers plying between the Gulf or Florida ports to Puerto Rico could load molasses on their return trip, thus killing several birds with the proverbial stone.

The island had a carry-over in January 1942 of 30,000,000 gallons and produced in 1942 some 50,000,000, making a total of 80,000,000, of which 10,000,000 were used locally and 13,000,000 shipped out, thus leaving a load of 57,000,000 gallons. The 1944 crops which will be harvested beginning in January will add to this amount.

The extensive use of tankers all over the world by the armed forces was the reason adduced for not allocating any for this purpose. However, the critical shortage of insular storage facilities, the impossibility of new construction, impossibility of dumping molasses either on the ground, into rivers, or at sea, adverse effects on the island economy sorely affected by the war, and finally the fact that the commodity is needed in the continent, should have been sufficient to impel us to adopt an alternative measure.

C. ALTERNATIVE SOLUTION OFFERED

As an alternative solution to the shortage of tankers, or rather, total lack of tankers for the molasses transportation, the industry proposed to solve the problem, assisted by some enterprising firms, by using tugboats and barges that, in the opinion of experts on the matter, could ply between the Florida coast ports through the strait all along the northern coast of Cuba and Santo Domingo to Puerto Rico, where distances from port to port are sufficiently short to permit the tugboats or barges to run for cover in case of threatened stormy weather conditions. The more hazardous nature of the undertakings was admitted but was justified under the circumstances.

As soon as these firms obtained the tugboats and barges and asked for the necessary papers, War Shipping Administration took over the boats and barges, ending in this manner their attempts to solve their predicaments.

We cannot but wonder at the situation. As we understand it, and we have come to unearth such information, there are now, and have been for some time, many such tugboats and barges lying idle, and perhaps hidden from the War Shipping Administration for fear of running a like risk (though we do not by any means condone such attitude), which could be profitably used in this enterprise, undeniably helpful to the war effort. These timid firms, or "shrewd customers," if one prefers to call them so, should be encouraged to cooperate. The important thing is to have things done and done as quickly as possible. To this extent we must criticize the War Shipping Administration, although we understand perfectly well the moral involved.

Finally we cannot come to the conclusion that the use of some three or four such tugboats and a few wooden or steel barges which, in the opinion of shipping experts, would do for the purpose under consideration, could adversely affect in a material way the war effort.

We are decidedly inclined to believe that the contrary would be true for the reasons already stated.

D. PRESENT SITUATION OF MOLASSES

As of November 1, 1943, it was reported that there were in Puerto Rico 40,000,000 gallons of molasses.

Ten million gallons of molasses are needed by the distilling industry of Puerto Rico for the manufacture of rum to cover manufac-

turers up to February 1, 1944. Therefore, there remain 30,000,000 gallons available for the United States Government.

The distilleries claim that they need 40,000,000 gallons per year, although they had previously stated that they needed only from twenty to twenty-four million gallons per year. Some distilleries have bought enough to protect themselves from the possibility that the Government of the United States will buy all the molasses of Puerto Rico.

It has been reported that 11,500,000 gallons have been bought by the United States, originally at the price of 6 cents and on December 10, 1943, at $10\frac{1}{4}$ cents, but all of these purchases contain a so-called "escalator" clause which provides that the seller shall receive an additional compensation equivalent to the difference between that seller's price and the highest price which the Government shall eventually pay to other sellers.

CHAPTER 5. SHIPPING ASPECTS OF LOCAL INDUSTRIES

A. RUM INDUSTRY

The rum industry is one of the oldest in the island, but because of the insular as well as the national prohibition law it stayed dormant until the repeal of the eighteenth amendment to the Constitution of the United States, which, although not applicable per se to Puerto Rico, nevertheless determined the public policy of the island in that historical social experiment.

The return of intoxicating liquors gave a new impetus to the rum-manufacturing industry, rum being another byproduct of sugarcane. The awakening was sudden and vigorous, to such an extent that long-established firms of the Cuban rum industry built plants in Puerto Rico so that they would not have to pay the import duties under the United States customs.

It suddenly became the most important source of revenue for the insular government, because the Federal tax of \$6 per gallon was made returnable to the island treasury.

During the following fiscal years, the revenue received by the government of Puerto Rico, both from Federal and insular taxes, was as follows:¹

	Federal and insular	Insular	Federal
1940-41.....	\$7,376,109	\$2,823,883	\$4,552,226
1941-42.....	18,044,306	4,141,495	13,902,811
1942-43.....	18,230,583	4,428,881	13,831,701
1943-44.....	130,000,000	-----	-----

¹ Estimated.

The insular government destined 70 percent of the tax to be collected after November 1, 1942, to a relief program, and 5 percent for slum clearance projects on May 12, 1942. The government of Puerto Rico has undertaken the school lunch program which, up to recent times, was financed by the WPA.

In due time the subcommittee will consider the advisability of earmarking the proceeds of the taxes just mentioned for definite purposes, but since this report is limited to the temporary and not to the so-called long-range problems, this aspect is only referred to in passing. Now we will consider only the shipping aspects thereof.

B. BOTTLING PLANT

As is done by nearly all island industrial enterprises, the rum industry buys from the United States its industrial supplies, in this case mainly bottles. The bottling of rum gives employment to a few thousand laborers, but there were no bottle-manufacturing plants there.

¹ Puerto Rico World Journal, Nov. 23, 1943, taken from the Puerto Rico Department of Finance.

Upon making the list of priorities for shipments allowed to go to Puerto Rico, bottles were placed at the bottom thereof; food supplies and other urgent and indispensable commodities filled practically all the space available and bottles received no space whatsoever in the ships. Several schemes were tried by some of the firms better financially situated than others; one of the schemes was to purchase small ships of former foreign registry and run them on their own.

Even in these instances they had to use a large percentage of the tonnage for food supplies acceptable to the Department of the Interior or they would run the risk of not having clearance papers, which amounted to a practical embargo on bottle shipments.

In view of the tremendous significance to the island government in keeping this industry alive and going, it organized and financed the Puerto Rico Development Co. on May 11, 1942, for the purpose of establishing a plant for the manufacture of bottles chiefly for the rum industry and secondarily for home or industrial canning purposes. Though the corporation is legally established in such a manner as to allow private interests to invest a substantial percentage of the capital stock of \$2,000,000, in fact it has been run solely on government finance so far, and therefore for all practical purposes is a government agency.

The manager and counsel of the said corporation came to Washington last May for the purpose of purchasing and transporting the necessary machinery and equipment, for which they needed priorities from the War Production Board and the Department of the Interior. The latter, being also a sponsor of the program of the governmental industrial activities, had no objection and, on the contrary, did all it could to see it through, but the War Production Board's priorities had to be obtained.

At the request of said corporation's officials, who are in reality insular government employees, this committee and its counsel gave them all the assistance possible; in a very short period of time the necessary priorities, permits, and so forth, were granted, the machinery and equipment were purchased and are now ready for shipment. The Department of the Interior caused the President of the United States to write a letter to the War Production Board recommending the issuance of priorities therefor.

In this fashion ends another chapter of the efforts of this subcommittee to solve the temporary problems of Puerto Rico. In addition to the bottling plant, the Puerto Rico Development Co. has a project to build a 10,000-ton-per-year paper-board mill, and priorities have been applied for.

C. OTHER NEW INDUSTRIES

The above-mentioned bottling plant is only one of a series of small industries which the insular government is trying to establish or helping private capital to establish.

For those purposes the Puerto Rico Development Co. was created on May 11, 1942. Under its management the government-owned cement plant at Cataño, across the bay from San Juan, is being operated profitably, showing the way for the one established later on in Ponce.

An American firm was engaged for the purpose of making a study of the resources of the island for some other industrial projects, such

as a paper and cardboard mill, a bagasse fiberboard plant to utilize the millions of pounds of this byproduct of the cane, a coconut fiber-bag factory, a vegetable-oil refinery, an oleomargarine plant, and others of a similar nature.

Further details and commentaries will have to await our later report.

SECTION 2. UNEMPLOYMENT

CHAPTER 1. PERMANENT UNEMPLOYMENT

In considering the problem of unemployment in Puerto Rico, we have to differentiate permanent and present unemployment, because we do not wish to give the impression that it is only of one class or the other. The problem seems to increase year after year. Each catastrophe seems to add permanently to the lines of jobless people; cyclones, panics, wars, and other calamities leave their mark; depressions have contributed their share; and, as a fitting climax, even periods of national labor prosperity, such as occur in wartime, are not shared by Puerto Rico, because the island has no war industries, a situation which seems all too incomprehensible but which upon close examination is found to be true.

However, this is not the time to consider the chronic social cancer that seems to sap the very life of the people. We will leave that for our final report, because the cure must be of a very radical nature and may require a major socio-economic operation. The permanent aspect of unemployment has been described so as to provide a background for the understanding of the temporary phase of unemployment, the wartime unemployment, with which we have attempted to cope, so far, with a sort of salt-injection cure.

But just to show how much alive to their predicament the people of Puerto Rico are, we will quote a valiant and suggestive proposition presented to us by a responsible citizen, who is a successful farmer and has had responsible governmental positions. "We believe," he said, "that Puerto Rico can be self-sustaining and that it can solve the problem of unemployment without further aid from the Federal Treasury, if it is permitted to produce all the agricultural and industrial products it can sell in the United States—since from this market are bought all the commodities we consume—without prices and conditions being set by the United States."¹

Though not couched in perfect terms, the phraseology used is clear enough to make us think that this may be the formula by which we may eventually work out the solution of the challenging problem of unemployment; however, as in all cases of simple formulas, elaboration thereon may be necessary. At least it has food for thought, which we intend to assimilate. One of the main difficulties in the industrialization of the Island is its lack of fuel and raw materials.

¹ See pt. 1, p. 10.

CHAPTER 2. WARTIME UNEMPLOYMENT

It is unbelievable that while the country is suffering from an almost acute shortage of labor one section thereof should be suffering from an astounding degree of unemployment. And yet it is so. Let us look at the facts.

The war increased unemployment in Puerto Rico, even before Pearl Harbor. It was estimated that Puerto Rico had between 60,000 to 70,000 unemployed employables then, but, after 10 months of war in Europe, the number had swelled to twice that amount. The Army and Navy base construction work then launched in Puerto Rico cut it down for a time, but, as soon as the bases were completed, unemployment increased again by leaps and bounds.

Soon after Pearl Harbor, the fury of the submarine campaign concentrated on the Caribbean and Atlantic, and Puerto Rico was for a time isolated from the mainland if not blockaded. We have already described the conditions of shipping which followed. Unemployment reached then the unprecedented figure of 237,000 and remained there.

In June 1942 the needlework industry was paralyzed. Needless to say, the articles imported for processing in the island-wide needlework industry, employing an estimated 80,000 workers, could not be shipped to Puerto Rico. Almost all of the 43,750 factory and home workers officially listed by the Wage and Hour Division were left without their daily sustenance (\$1,538,299.56 for first 6 months of 1942), and so were their dependents. However, in June 1943 employment was 43 percent higher than in June 1942. During June 1943, Work Projects Administration and insular war emergency projects employed 69,870 persons.¹

The important building-trades industry, ever totally dependent on importations of lumber, galvanized zinc, steel bars, cement, paints, and hundreds of other items, took an enforced holiday and so did its thousands of workers; of course the dependents of these workers were also adversely affected thereby.

The rich sugar industry, which, it is claimed, directly or indirectly supports 75 percent of the population and employs 137,000 laborers with a total pay roll of \$32,000,000, was for a time stymied. Not only were there no ships to carry their commodity to the continent, but the industry had no assurance that the situation would change; on the contrary, it could not get the necessary tankers to export its byproducts, nor the indispensable materials to build additional storage capacity, as a result of which there was a reduction of approximately \$7,000,000 in the pay roll, and thousands of laborers had their incomes reduced or were totally idle, with consequent hardship to their dependents.

The sugar industry is divided into two classes: The lowlands and the uplands. Whereas practically all of the continental and big-business interests in the sugar industry are located in the lowlands, the local and less financially powerful interests are found in the less productive

¹ See supplement No. 4 to the Puerto Rican Economy During the War Year of 1942, Office of the Governor, Office of Statistics, San Juan, P. R., Aug. 4, 1943 (mimeographed), p. 9.

uplands, where more fertilization is required and where, because of the distances from the seaports, it is necessary to truck cane or sugar to the coast. The lack of rubber, gasoline, spare parts, and new trucks completed the picture of utter hopelessness. But as if all that were not enough, benefit payments were limited to 9 tons of sugarcane.² What was the result? More unemployed, who could not, as before, turn to the coffee plantations as a last resort; the coffee industry had gone with the winds of cyclones and the First World War, the former taking care of the seed-bearing plants and the latter of the European and Cuban markets, their only markets. Soon after the cyclones, Cuba began to grow coffee, and since then produces all she needs. In addition to all this, the A. A. A. stopped the soil-conservation subsidy of \$1 an acre heretofore granted to them.³

Of 18 ports, 15 were closed as a war measure, leaving thousands of stevedores out of work and their dependents crying for food.

The stevedores in the open ports were not working full time due to reduction in shipping.

Needless to say, the citrus fruit industry, though in bad shape already, had to abandon all hope and its employees became members of the vast and ever-increasing army of needy; so, too, their dependents.

The rum industry likewise suffered, though not as much; many bottle cleaners lost their jobs, to their dependents' misfortune.

What is there to be said of the thousands of employees in the fast-dwindling tobacco industry, in smaller trades and industries, and in the island-wide retail trade with no goods to sell, and in the importing trade? What of the traveling agents and commission men? Add, of course, their dependents.

Why do we repeat the word "dependents" at the end of every paragraph? For two reasons: The first one is that dependents are not included in estimating unemployment, as employables unemployed; and the second is the special significance that workers' dependents have in the island. With extremely few exceptions, none of these people have any assets or savings on which to fall back for the proverbial rainy day. Theirs is a hand-to-mouth existence; on the day that a man does not have work neither he nor his dependents eat, no matter how scanty their meals may be.

Let us look at the estimates on unemployment:⁴

In April 1940 (normal year) the total labor force consisted of 607,714 persons. By August 1940 the labor force had increased to 608,730 persons and by August 1942 it had increased to 632,022.

The following number of persons were seeking employment during that same period of time:

		Percent
April 1940	66,800	0
July 1940	129,200	93
July 1941	99,100	48
July 1942	165,600	147
August 1942	210,800	215
September 1942	237,400	255

² See pt. 1, pp. 272-273.

³ See pt. 1, p. 260.

⁴ Estimates taken from persons upward of 10 years of age seeking work in Puerto Rico. Therefore, the actual number of unemployed must be larger. Source: The Puerto Rico Economy of 1942, p. 18; also 1942 census. See also graph, p. 7 of this volume.

The percentages shown are the percentages of increase over the base year of April 1940. It must be noted that persons on Work Projects Administration rolls are classed as "persons seeking employment."

Therefore, when we say "one thousand" unemployed have joined the ranks, we must realize that five times that number are in need, five being the average membership of the Puerto Rican family. This is by no means an exaggeration; it is an actuality.

One is apt to interject: "Why don't they do something about it?" The answer is that nature is doing what "white man" is not doing for his brethren in Puerto Rico; it is benevolent and gives them good climate, which does away with the dire necessities of clothing and shelter as we know them in the northern climate; its invigorating sun seems to pour upon and through their skins some vitality which the food (in absentia) is supposed to give them. The lamb on their five-century-old coat of arms is no empty emblematical gesture.

Conditions have improved considerably since this report was originally drafted, although unemployment continues to be the most important social problem.

Labor shortages have been reported in specific localities but generally the conditions are bad. The tobacco stemmeries, where 14,000 workers, mostly women, are employed, are threatened by the proposed lifting of the quota on Cuban leaf tobacco under the Reciprocal Trade Agreement Act.

This committee has brought the serious and far-reaching effects of the proposed measures to the attention of the Secretary of State, who has assured us of a thorough study thereof.

CHAPTER 3. RELIEF PROGRAM OF THE GOVERNMENT OF PUERTO RICO.

The Legislature of Puerto Rico approved an act declaring the existence of a state of grave emergency caused by the war, under the terms of which Puerto Rico adopted a program of emergency work, unemployment compensation projects, relief, and planting and distributing food products, assistance to agriculture, industry, and commerce, and increase of maritime facilities. To finance this program it appropriated \$10,000,000 and 70 percent of the proceeds of the Federal internal-revenue tax on distilled spirits, commencing on November 1, 1942.

Six millions were allocated in the fall of 1942 for the purpose of meeting the widespread destitution.

However, in 1943 the legislature amended the foregoing provisions by appropriating the definite total sum of \$16,000,000 in lieu of the above-mentioned \$10,000,000 plus the 70 percent of tax on distilled spirits.

CHAPTER 4. WORK PROJECTS ADMINISTRATION

The Work Projects Administration, extended beyond June 30, 1943, in Puerto Rico by Congress continued until a few weeks ago to maintain and support these people. Some of the programs have been continued by the insular government.

The rest of this chapter (written in July of 1943) is left here just as a matter of record, to show our views on the subject.

Ever since we undertook this study and investigation, we became interested in this administration, its work, its accomplishments, and the role it was playing, and still continues to play. Its figures on unemployment were accurate and easy to understand, its programs intelligible and intelligently carried out, its personnel challenging and unchallenged. In sum, it was the ideal instrumentality through which we could act.

Its own figures show how much it is doing:

Work Projects Administration and unemployment

	Number of workers em- ployed by W. P. A. ¹	Total number of persons unemployed ¹
April 1940	15, 718	66, 800
July 1940	15, 465	129, 200
July 1941	27, 224	99, 100
July 1942	16, 784	165, 600
August 1942	18, 639	210, 800
September 1942	18, 087	237, 400
October 1942	23, 723	237, 400
November 1942	31, 337	237, 400
December 1942	37, 067	237, 400
January 1943	43, 920	237, 400
February 1943	40, 172	237, 400
March 1943	41, 433	237, 400

¹ Source: Work Projects Administration official figures for 1942, p. 18; also The Economy of Puerto Rico. These figures are inclusive of Work Projects Administration figures adjacent thereto.

It will be noted that from July 1942 on, the period when unemployment has been at its highest, the number of employed persons in Work Projects Administration has steadily increased, even in a larger proportion to the increase in unemployment, but the numerical increase is 24,649, while the increase of unemployed is 147,900. Incidentally, though a person may have a job in the Work Projects Administration, he is considered "unemployed" in the foregoing table. Work Projects Administration employed during June 1943 a total of 39,249 persons, and the insular war emergency projects have employed 30,621, or a total of 69,870 persons.

Estimated average monthly employment that would be provided in Puerto Rico and the Virgin Islands under provisions of amended bill S. 981 for various amounts of Federal and sponsors funds per fiscal year¹

Federal funds	Sponsors' contributions	Total cost, Federal plus sponsors	Average monthly employment
\$16,000,000	\$5,000,000	\$21,000,000	35,000
18,500,000	6,000,000	24,500,000	40,000
21,000,000	6,600,000	27,600,000	45,000
23,500,000	7,500,000	31,000,000	50,000
25,000,000	8,000,000	33,000,000	55,000
28,000,000	8,800,000	36,800,000	60,000

¹ Source: Work Projects Administration official figures.

The insular legislature appropriated \$230,000 on November 26, 1941, to cooperate with the Work Projects Administration in contracting the services of 1,000 public-school teachers.

A. CONTINUANCE OF THE WORK PROJECTS ADMINISTRATION—SENATE RESOLUTION 981

Without any hesitation we determined to obtain new life for this creditable agency, and, in due time, after considering the facts, figures, and information at our command, the members of the subcommittee introduced in the Senate on April 8, 1943, Senate Resolution 981, which had met with the approval of the full Committee on Territories and Insular Affairs. It was finally sent to the House. The authorization amounted to \$25,000,000 for the fiscal year ending June 30, 1944, and to \$25,000,000 for the fiscal year ending June 30, 1945.

The House, in the meantime, adopted a resolution whose purpose was to conduct, through its Committee on Insular Affairs, a study and investigation similar to ours, but trisectional, adding the political to the social and economic.

B. HOUSE JOINT RESOLUTION 128

Meanwhile a joint resolution was introduced, which was referred to the Committee on Territories and Insular Affairs of the Senate on May 28, 1943, the purpose thereof being to appropriate \$8,000,000 "to provide work for employable needy persons on useful public projects in Puerto Rico and Virgin Islands for the period July 1, 1943, to November 30, 1943," as a stopgap until final determination on the part of the House on Senate Resolution 981. This bill was signed by the President on June 22.

Final appropriation made was \$7,000,000 on July 2, 1943.

Upon the return of the House Committee from Puerto Rico, an amendment was introduced by Congressman Cole to the effect that the rum taxes be used for the W. P. A. program. Insular opposition killed that amendment, and the whole bill has little, if any, chance of ever being passed.

CHAPTER 5. PUERTO RICAN LABOR EMIGRATION TO UNITED STATES

During the past, some experiments were made with migration of agricultural laborers from Puerto Rico to the United States. We are reliably informed that these did not meet with complete success. But no such attempts have been made with respect to industrial labor.

On the other hand, thousands upon thousands of islanders have come to the United States, not in mass migrations, but on their own and in spite of all obstacles, such as language, customs, climate, and lack of means. They have settled in New York, Brooklyn, Bronx, in Newark, Elizabeth, Trenton, Detroit, Chicago, and other cities. Once established they have brought their immediate families and distant relatives and have urged friends to follow them. Though statistics are not available, estimates vary as to their numbers. Some estimates run from 50,000 to 150,000 for New York and environs only. But whatever the number may be, it is quite considerable. The ultra-conservative and unavoidably incomplete census made by the Welfare Council of New York City set them at a little under 47,000 for New York City alone. They include factory workers of all kinds, from welders to sewing-machine operators, carpenters, cabinetmakers, waiters, cigar makers, stevedores, truck drivers, chauffeurs, seamen, barbers, machine tool makers, mechanics, and an innumerable list of all sorts of jobs.

The average Puerto Rican is quite individualistic, and cooperative undertaking is not one of his characteristics, whether at home or abroad. His cooperative enterprises usually are limited to the members of his immediate family and seldom go beyond. There we may find the main cause of the failure of previous mass movements, though we can easily see that the agricultural worker is inclined to be more attached to the land where he was born and brought up than the average industrial worker who ordinarily comes from the city. It is with these thoughts in mind that we came to consider the advisability of bringing to the States a great number of unemployed citizens to help in the war effort, which would at the same time serve the twofold purpose of relieving the acute unemployment and educating that much of the Puerto Rican population to speak English. The latter accomplishment would be in line with the national educational policy for Puerto Rico as enunciated by the Presidents of the United States from Mr. McKinley to the incumbent.

We have urged and encouraged the migration of thousands upon thousands of our fellow citizens from one part of the country to another to undertake jobs in war industries. Why not extend the same practice to Puerto Rico and its thousands of well-trained young farmers, artisans, mechanics, carpenters, welders, etc.? Those who cannot qualify for war manufacturing jobs could fill the jobs left vacant by the migrants.

The insular and Federal Government agencies for over 10 years have conducted extensive courses in vocational farm training through-

out the island, as a result of which thousands of Puerto Ricans, especially the younger, have been properly trained. In the opinion of the representatives of these agencies, this part of the population can contribute efficiently to the national agricultural production program in the States.

In addition, the vocational teachers have been conducting a survey to determine what number could be sent to the States in ages over 18 years, taking into consideration the necessary personal and social adjustments in their new social environment.

H. R. 3598 (78th Cong., 1st sess.) contained a provision of \$2,000,000 for transportation of workers from Puerto Rico to the United States but it was deleted. The reason assigned was that no provision was made for the return of these workers to Puerto Rico after the termination of the war.

A. EFFORTS OF THE DEPARTMENT OF THE INTERIOR AND THE INSULAR GOVERNMENT

In our communications and conferences we have been critical of the Department of the Interior, whenever justified, for many shortcomings and errors of judgment, and will continue to do so whenever and wherever criticism is justified, especially for constructive purposes, but on the other hand we will give it credit for its accomplishments whenever it is likewise justified. The Department's cooperation has been splendid and we have so acknowledged.

With the cooperation of the insular government, the Department, during October 1942, initiated investigations and negotiations, as far as it could, to put forward a plan conducive to a logical and much-needed migration of the above-mentioned skilled and semiskilled industrial workers and vocationally trained farm laborers and farmers.

The Department interested the War and Navy Departments, War Shipping Administration, the Federal Department of Labor, the War Food Administration, and the War Manpower Commission, but final determination and responsibility rested with the last two.

Unfortunately we have to report adversely as to the action. In spite of the fact that the War Manpower Commission was reached on this matter as far back as October 1942, the undeniable fact is that no actual migration has been accomplished as yet. Some two or three hundred skilled workers were brought here by the military authorities. In March of this year legislation was enacted in relation to the farm labor situation and an appropriation of \$26,000,000 was made, of which a portion could be used for this purpose.

We will now relate the part played by the other governmental departments and agencies, and the results thereof.

B. NAVY DEPARTMENT'S OFFER OF CONVOY ESCORT AND SUGGESTION FOR WAR SHIPPING ADMINISTRATION SUPPLY SHIP

The Secretary of the Navy on November 27, 1942, stated that their vessels touching Puerto Rico could not provide substantial assistance due to service personnel movements, but went on to say that because of the importance of the project, involving such large numbers of individuals, a vessel for continuous service for that purpose should be procured from War Shipping Administration to accommodate from

500 to 1,000 passengers, and that while Puerto Rico was out of the regular trade convoy routes the Navy would furnish protection against submarines between Puerto Rico and the port of destination in regular trade convoy routes, and from there on it would be protected by the regular trade convoys.

C. WAR DEPARTMENT'S RECOMMENDATIONS

The Secretary of War on December 24, 1942, after studying the matter thoroughly, stated that the project was feasible, subject to certain limitations which were: (1) the migrants could not be returned to Puerto Rico until after the duration; (2) military needs would continue to have precedence over it; (3) sailing schedules could transport from 800 to 1,500 per month; and (4) the schedule would take from 28 to 45 days.

The Department stated that with the concerted assistance of the Department of the Interior and the War Manpower Commission and the Navy Department a "workable plan can be established in the near future," finally stating that the War Department was interested in facilitating the program in every way possible.

D. WAR SHIPPING ADMINISTRATION'S ANSWER

At the suggestion of the Secretary of the Navy that War Shipping Administration furnish the transportation, the War Shipping Administration was approached on the subject by the Department of the Interior on December 17, 1942. The simple answer was that there were no ships available.

E. WAR FOOD ADMINISTRATION'S ANSWER

Operating responsibility in agricultural manpower was lodged in War Food Administration by Public Law 45, Seventy-eighth Congress, approved on April 23, 1943.

This Administration has imported 2,514 Bahamians, 8,000 Jamaicans, and 20,000 Mexicans and also continues to import more of the latter at the rate of 800 per week. Their goal is 50,000. They give transportation as the excuse for not bringing in Puerto Ricans and Virgin Islanders, and in a very indefinite manner have promised the Under Secretary of the Interior that "should the labor situation be changed * * * we would be glad to give further consideration," etc. Evidently they were ignorant of the plans and offers of assistance made by the War and Navy Departments.

F. WAR MANPOWER COMMISSION'S SLOW ACTION

The War Manpower Commission has been very slow in dealing with this urgent matter. Originally approached on the general subject in January 1942 and on the importation of Puerto Rican labor, particularly, on October 20, 1942, the Commission promised to make an investigation thereof on October 28. On November 4, 1942, the Chief of Industrial and Agricultural Employment Division stated that "it is probable that a large proportion of the existing surplus could be used to advantage on the mainland in agricultural pursuits and general war production employment."

On November 11 they received a letter from the Navy Department to the effect that it would study the matter of ultimately moving 50,000 Puerto Ricans to the mainland and promised an answer in due course.

It was not until December 8 that they decided to extend their activities to the island and to send a representative to Puerto Rico. This representative was not designated until February 25, 1943, to arrive there the following week. After a trip through the island, on March 18 this agent reported the feasibility and advisability of the utilization of some 20,000 workers in the States, and volunteered his opinion that they could also be used for planting, harvesting, etc. Again on April 19 the Governor called War Manpower Commission's attention to the subject in view of the importation of thousands of Jamaicans, Bahamians, and Mexicans.

A labor-management committee of the War Manpower Commission held a hearing on the matter. At that hearing, representatives of land groups in Florida objected to the moving of Puerto Ricans, for the following reasons: (1) Their malnutrition; (2) their undeportability if found unsatisfactory; and (3) the requirement of better housing for the Puerto Ricans than for Bahamians, Jamaicans, or Mexicans.

In contrast with the attitude of those groups, the representatives of the Farmers' Union and of the Brotherhood of Railway Trainmen expressed themselves strongly in favor of the importation of Puerto Ricans.

Though on December 24, 1942, the War Department had stated that "present sailing schedules can furnish transportation at the rate of 800 to 1,500 a month," by April 9, 1943, the situation had changed so that on that date the Secretary of War wrote that "the urgent military requirements for shipping make it impracticable for the War Department to release any ships at this time." In the meantime they stole the march for 2 days before War Department had agreed to move a few thousand Jamaicans to the mainland. A letter containing "regrets" was all Puerto Ricans received from War Manpower Commission.

Nearly 1 year has gone by, and little has been accomplished. On the contrary, a good opportunity was lost because of procrastination and inefficiency.

With the same procrastination that has characterized the steps taken in the past, the War Manpower Commission established an employment office in Puerto Rico on July 1 for the purpose of classifying the workers "volunteering" to come to the United States to work.

Why? Look at their objectives. They seem almost ironical:

1. Furnish placement service to employers on the island through the establishment of a centralized labor pool.
2. Facilitate the finding of suitable employment of unemployed Puerto Ricans through the establishment of a centralized labor exchange.
3. Furnish limited service to employers on the mainland by selection and referral of applicants able to finance their own transportation to the mainland.

When transportation becomes available this service, of course, will be extended to include recruitment and transportation of agricultural and industrial workers from Puerto Rico to respective points on the mainland.

As if that would give any help in the island, where unemployment is rampant.

Let us hope that future activities of the War Manpower Commission will move with a greater degree of promptness and efficiency.

G. ARGUMENTS ON THE TRANSPORTATION TO THE CONTINENT OF ALIENS
INSTEAD OF PUERTO RICANS

What excuses are given for such unjustified discrimination against our own citizenry? Let us consider them. War Manpower Commission claims in the case of the Jamaicans: (a) that they speak English while the Puerto Ricans do not; (b) that the Jamaicans, being foreigners, can be deported if they refuse to go back after the war is ended, while Puerto Ricans, being citizens, cannot be forced to return to their native land; (c) that we have to cooperate with England in solving the Caribbean zone problems; and (d) that the Puerto Ricans suffer from malnutrition.

In answer to argument (a): The thousands upon thousands of Puerto Ricans referred to at the beginning of this chapter were not selected by any labor or governmental organization and are therefore liable to be less apt and less trained than those hand picked under the plan above mentioned. How have they been able to live and earn a living among English-speaking peoples in New York, New Jersey, Illinois, and other States? The answer is that though they may not command English perfectly, the average knows enough to carry on, or has enough of a foundation to learn quickly, more so when we keep in mind the fact that the average Puerto Rican has come in contact with and knows something of the American way and has used American tools, implements, machinery, autos, trucks, etc. Little is needed for the purpose; the important thing is his skill in the trade and his willingness to do the job required of him. And who would not be willing to learn, and learn fast, at the wages they will be receiving? Wages they never dreamt of earning. How about the thousands who already have relatives, their own families, or friends in the States who could help them along?

Besides it would be the simplest thing to teach them enough, even if they did not command the slightest English, to carry on and improve and learn still more while working here. In fact, nothing could make citizens in Puerto Rico more patriotic than to be given such a wonderful chance to achieve, at least in part, the goal set by our Presidents when setting down the national policy to make the people of Puerto Rico, as far as possible, English speaking. We doubt that the officials who opposed the bringing of Puerto Ricans to the United States ever heard of such national policy, otherwise they would not use such a poor excuse for letting down their own brother citizens.

Answering argument (b): In the cases where the foreign citizens want so badly to stay here, there are thousands of ways to elude the authorities to avoid deportation, as anybody in possession of such facts can testify. But, in the past, experience has shown that in periods of depression or where they have no jobs Puerto Ricans go back home in great numbers. So why worry about such a remote refusal, especially if they have given their pledge to go back? A few would not comply, but the great majority would keep their word.

In further answer to the second part of argument (b): Its basis is illegal in that it is in violation of the constitutional rights of the citizens of Puerto Rico to be denied in any form, shape, or manner their inalienable right to go to any part of the United States that they wish or to which their calling shall send them. Such a measure is unjust and unfair and cannot be tolerated.

This condition should be ended by immediately putting into effect a reasonable program.

With reference to argument (c), we have no quarrel. There are enough jobs to go around for all, both Puerto Ricans and Jamaicans, and since we have pledged our word with our allies to solve the Caribbean problem we must keep that word, but to interpret it so as to deny our own citizens their inalienable rights does not do justice either to our institutions nor to our allies.

As to argument (d), malnutrition: For years in the past the malnutrition of the island population has been advanced by interested parties whenever it served their purpose, irrespective of contradictions, but those groups have taken no measures to correct it. When a feasible plan is advanced whereby at least part of the population could acquire adequate nutrition, instead of using such a plan as a corrective measure, they oppose it.

H. SUBCOMMITTEE'S OPINION ON ACTIONS TAKEN

Our opinion is that, during the present emergency, every effort should be made to employ and move over to the States as many Puerto Ricans as are available and fitted for industrial jobs, especially mechanics and chauffeurs, and also for agricultural and other positions in which they may be useful, cutting red tape and unnecessary delays, to relieve in part the unemployment in Puerto Rico and help in the war labor shortages in the States. In this connection the mass migration should be undertaken at Government expense and all precautions taken to safeguard the life and welfare of those citizens.

Sufficient legal authority and funds having been granted to the War Manpower Commission, there should not be any obstacles in its way. Precious time has been lost and more than enough hardship has been suffered already by those in need.

"Full speed ahead" is our indication to the War Manpower Commission and we hope they will heed our advice.

CHAPTER 6. PUERTO RICAN LABOR EMIGRATION TO LATIN AMERICA

A. EMIGRATION A PERMANENT SOLUTION

We have repeatedly stated that this report concerns itself with temporary, and not permanent, problems and their solutions. We also realize that any mass labor emigration, whether to the United States or to South or Central America, is not of a temporary but rather of a permanent nature.

B. WHY REFERENCE IS NECESSARY

We would not have even referred to the subject matter herein were it not for the fact that it has been made public in the press (*a*) that our Government has approached the governments of our neighbors to the South with the purpose of having them absorb part of the Puerto Rican population, in other words emigration to those countries with a common language, similar customs, and climatic and geographical conditions, and (*b*) that these governments have not been responsive or that they rejected our proposals. The press carried this story after a United States Government official had testified along those lines before the House Committee on Insular Affairs on May 1943, though that testimony was supposed to be off the record.

Since our subcommittee has now been in existence for 11 months, it is natural that people should inquire whether we are advised on the subject or whether we have studied this most important corollary of the social problem of Puerto Rico. We would be doing ourselves an injustice to let the public imagine that we have not.

C. ACTION OF THE SUBCOMMITTEE

Early in our investigation, in discussing permanent problems we stated in our preliminary report:

* * * emigration can be accomplished if there would be a determined effort on the part of the Federal Government to that end. Left to the individual or to the local insular government, it will never be accomplished.¹

As our investigation progressed, we interviewed a representative of the Department of State; we had requested in a previous letter full information on the subject. In the course of that conference our counsel examined the correspondence of the Department on the subject and asked for copies thereof, and for additional information, all of which the said representative promised to furnish this subcommittee.

Shortly thereafter, counsel was called on the phone and was advised (*a*) that in the opinion of the Department the matter should not be made public, (*b*) that the correspondence and facts as already shown to counsel should be held in the strictest confidence lest it should embarrass

¹ See pt. 1, p. 303.

the Foreign Service, and (c) that on mature consideration the Department had decided not to furnish the subcommittee with the copies requested as aforesaid.

Although our counsel could not see the justification for this refusal, he did not make any further attempts to secure the correspondence in view of the fact that the essence of the facts and information was already in our files and that the matter could wait; the solution to that matter would in all events have to wait until the end of hostilities. With regard to points (a) and (b), our committee respected the opinion and request of the Department by holding the information in strictest confidence and did in no manner, shape, or form allow it to be made public.

But it was really surprising to this subcommittee to read in the newspapers, as above indicated, that a Government official, who is connected with the Department of State, though in a separate body politic, had spoken publicly about the matter.

D. CRITICISM BY SUBCOMMITTEE

We will not now discuss facts in the negotiations, nor criticize in detail the activities of the State Department and the Foreign Service incidental to the subject matter. In due course we must and shall do so, but, as we have repeatedly stated, this report is not concerned with permanent problems; moreover, it would be useless to criticize the lukewarm attempts made or to discuss something which must wait until the end of the war, since we have come to the conclusion that this is not the appropriate occasion to broach it. In using the adjective "lukewarm," we do so advisedly, as we wish to leave that much on the record, in view of the fact that in time we will show how much we know about the matter in comparison to what was known to the official in charge of that correspondence, which was little indeed. It must, therefore, be held in abeyance.

SECTION 3. FOOD

CHAPTER 1. THE FOOD CRISIS

The interruption of the normal flow of trade between Puerto Rico and the United States that had been brought about by the war affected the social and economic conditions of Puerto Rico in several ways, but the food supply was the one most critically affected.

In retrospect we realize that we were justified in believing and acting as we did on the urgent call by the insular and national press for action on the Puerto Rico food crisis. In the face of this crisis, some Federal agents failed to cooperate with the insular government, making things worse.¹ Realization of the crisis and the battle sustained continuously ever since, in all probability forestalled results that might have been famine, revolt, bloodshed, or what not. Suffice it to say that Federal agents in Puerto Rico actually recommended to their chief in Washington that martial law be established.

We have already stated how the shipping problem was met and improved. We have said already that there is still room for improvement. And we can report the same with regard to food. We can confidently report that the food situation is under control so far as feeding the insular population is concerned, and by that we mean purchasing, transportation, and stockpiling of food. The statistics will back us on this statement. Famine or food-panic fears have been wiped out and the public confidence has been restored. That of itself counts immensely in keeping up the morale of 2,000,000 citizens who have as much at stake in the present world-wide conflict as the rest of the 130,000,000 citizens of the Nation and whose men are in the armed forces of this Nation as much as those of Texas, New York, or California.

Just as we in the States have our food and clothing problems, the citizens down there have their own, accentuated here and there by the interlocking of their economy and their trade with our national economy and trade. Theirs being by the nature of things a weaker and less healthy economy, any changes or radical departures from normal practices in the national economic machinery tend to throw their economy out of gear, or, similarly, to affect it more intensively; in other words, it is the weakest link in our national socio-economic chain.

Practical examples will be easily found. They base their economy chiefly on "cash crops" which we consume in the continent: sugar, tobacco, citrus fruit, etc. The production of these commodities we limit by legislation, as in the case of sugar; their markets we limit or affect by commercial treaties or by changes in our tariff, as in the cases of needlework and citron, respectively.

¹ See pt. 1, exhibit 34, p. 323.

Not only does the cash crop make their economy dependent on our markets and our every determination, to the point where we can dictate terms without restrictions, but our tariff walls confine them to our markets for 94 to 97 percent of the industrial, commercial, and agricultural commodities that they import, amounting in 1942 to \$90,380,869. Puerto Rico is, by far, more agricultural than industrial, and therefore it is natural that it should import industrial products. Of those ninety million-odd dollars, \$58,438,853 were for industrial products. But Puerto Rico also imports from the continent half of the food it consumes. In 1940 it imported 410,000 short tons and produced 397,000 short tons. In 1942 it imported 388,000 and produced 489,000 tons.²

What is the meaning of this fact? And especially in wartime? Simply this: In the year 1942 its people purchased from American farmers \$31,943,011. But that belongs to the sphere of permanent problems and we will leave it aside until we discuss those problems; all we wish to accomplish by citing these figures is to portray faithfully the really acute temporary problems created by the war. While unemployment is rampant there, and while price ceilings established in the States have kept the market prices of the Puerto Rican cash-crop products down, for the agricultural products they buy from the American farmer they must pay the current prices, prices which have gone up so high since normal times, and which still continue to rise. Since they have no war industries and, quite on the contrary, they have lost ground in the industrial activities, their purchasing power has proportionately diminished, and this factor contributes to the actual economic chaos.

The following figures will show the effect which the combination of all these causes has had on the cost of living in Puerto Rico:

	Summer 1939 to November 1941 ¹	November 1941 to November 1942	July 1939 to January 1943
	Percent	Percent	Percent
Puerto Rico.....	² 106	52.6	77.0
United States.....	³ 40	16.0	34.3

¹ Source: The Puerto Rican Economy of 1942, prepared by the Office of Statistics, La Fortaleza, San Juan, Puerto Rico, and by the Department of the Interior, p. 15.

² Source: Memorandum of Puerto Rico Agricultural Experiment Station, Report No. 20 and Supplements.

³ Source: Bureau of Labor Statistics, U. S. Department of Labor, "The Cost of Living, Nov. 15, 1942."

The Bureau of Labor Statistics of the United States Department of Labor, in its first island-wide index of the cost of living, reported an increase of 37.2 percent in the cost of living from March 1941 to March 1943, and later on reported an increase of 3.1 percent during the months of April and May 1943; and in June a further increase of 0.6 percent. The Insular Bureau of Labor Statistics reported an increase in the cost of living of wage-earner families of 42.1 percent from March 1941 to August 1943.

* See graph, p. 7 of this volume.

Indexes of the cost of goods customarily purchased by wage-earner families in San Juan¹

Period	All items	Food	Rent	Clothing	Furniture and furnishings	Miscellaneous
March 1941.....	100.0	100.0	100.0	100.0	100.0	100.0
December 1941.....	111.4	121.6	100.2	113.3	104.9	101.5
June 1942.....	126.7	143.5	103.6	135.6	126.1	108.6
December 1942.....	136.9	153.0	104.2	154.2	137.5	113.6
January 1943.....	132.6	147.2	104.4	150.5	141.3	113.2
February 1943.....	133.3	147.5	104.4	150.9	142.5	114.6

¹ Source: Bureau of Labor Statistics, U. S. Department of Labor, "The Cost of Living, Mar. 15, 1941, to Feb. 15, 1943," San Juan, P. R.

As we have said, the importation of food is under control, and the problems of distribution are being worked upon and will eventually be solved, as we have cause to believe in view of the cooperation and efforts made by all of those concerned, but the matter of food price control merits particular attention, especially now when it is before the American people as a national problem, as it will be of more significance to the island economy than it will be to the national economy.

With these thoughts in mind we pass to consider the facts as they have been shown by the testimony of witnesses and by our own personal observations and studies.

CHAPTER 2. PROCUREMENT AND IMPORTATION OF FOODSTUFFS

A. AGREEMENT BETWEEN DEPARTMENTS OF AGRICULTURE AND INTERIOR

As the submarine danger increased and shipping became more difficult, measures were taken, some of which had the effect of changing the loading ports from the Atlantic to the Gulf. This was in April 1942.

About that period, the island trade had purchased some nine-million-odd dollars' worth of merchandise, commodities, and foodstuffs; this merchandise waited to be loaded in the different ports in the Nation.

Congress had in the meantime appropriated \$15,000,000 (Public Law 371, 77th Cong., ch. 621, 1st sess.) for the purpose of building food stock piles for Puerto Rico, Alaska, and Virgin Islands.

B. RECOMMENDATIONS OF ANGLO-AMERICAN CARIBBEAN COMMISSION

On May 15 and 18, 1942, a meeting of the Anglo-American Caribbean Commission was held at Jamaica at which the Governor of Puerto Rico, Rexford G. Tugwell, and Charles W. Taussig, United States members, were present. The meeting considered the formulation of an emergency supply program for the Caribbean Islands. As finally adopted and ratified by the Governments of England and the United States, it (a) established food supply depots, (b) provided for use of schooners and small ships, and (c) constituted a pooling of all British schooners therein.

That with reference to the British Isles. But it was considered advisable that the United States Government undertake the procurement and distribution of food in Puerto Rico if the entire program was to be made a success, and so it was recommended to the President, who on August 19, 1942, directed that "due to exigencies of war, the private trades are unable to supply needs," the requirements of the American republics in the Caribbean should be handled like those of all other American republics, those of European possessions should be determined jointly by the Board of Economic Warfare and Lend-Lease, and those of our possessions "should be developed by the Department of Interior."

Meanwhile the Department of Agriculture (through its Agricultural Marketing Administration, now called Food Distribution Administration) as early as July 16, 1942, had entered into an agreement with the Department of the Interior, subsequently superseded by another one dated the 26th of September 1942, between them and the Governors of Puerto Rico and the Virgin Islands, by the terms whereof the Interior Department agreed to supply funds out of said appropriation and the former undertook the purchasing of foodstuffs in the American market and the importation to the island and distribution therein as agents of Interior Department.

C. GENERAL SUPPLIES ADMINISTRATION OF PUERTO RICO

From that moment on, the commodities shipped by the Government increased while the trade commodities decreased. The General Supplies Administration (created by the insular legislature as a war emergency measure), which up to then was taking care of the distribution of such foodstuffs, turned it over on November 1, 1942, to Agricultural Marketing Administration and transferred its personnel, equipment, etc., to the latter. The General Supplies Administration of Puerto Rico was then reorganized and its functions limited to the analysis of manifests, the allocations of fertilizer, and the recording of inventories. A list of priorities was made by a committee appointed by the Governor and was based upon a priority list which the Chamber of Commerce of Puerto Rico had previously prepared. The latter divided the commodities in 110 groups for recommendations as to what should be shipped on each ship assigned by War Shipping Administration, and these covered at first all importations to the island. This priority list, in essence, classified all importations, giving first place to foodstuffs and medicines and the rest in their order of importance as they considered it, and general supplies were left to private importers generally. In July 1942 the Government imports increased 16 percent; in August, 51 percent; in September, 63 percent; in October, 57 percent; in November, 86 percent; and in December, 50 percent, as can be seen from the following table:¹

Puerto Rico's foodstuffs imports—Commercial compared to governmental¹

Month	Commercial imports	Percent	Governmental imports ²	Percent	Month	Commercial imports	Percent	Governmental imports ²	Percent
	<i>Short tons</i>		<i>Short tons</i>			<i>Short tons</i>		<i>Short tons</i>	
January.....	45,431	100	-----	-----	September.....	1,466	37	2,528	63
February.....	38,945	100	-----	-----	October.....	11,148	43	14,508	57
March.....	40,484	100	-----	-----	November.....	4,447	14	26,328	86
April.....	31,505	100	-----	-----	December.....	21,731	50	21,376	50
May.....	32,275	100	-----	-----					
June.....	14,515	100	-----	-----	Total 1942.....	293,632	76	94,177	4 24
July.....	29,357	84	5,791	16	Total 1940.....	411,350	100	-----	-----
August.....	22,328	49	23,646	51					

¹ Source: The Puerto Rican Economy During the War Year of 1942, prepared by the Office of Statistics, Office of the Governor, La Fortaleza, P. R., and Division of Territories and Island Possessions, Department of the Interior, Washington, D. C. Governmental data based on clearances from continental United States. Each month's clearance tonnage is presumed to have arrived in the following month.

² Does not include food shipped for free distribution. With few exceptions governmental imports of foodstuffs were sold to commercial wholesalers in Puerto Rico.

³ Percentages based on the normal year 1940.

⁴ Six months' comparison, July through December 1942: commercial, 49 percent, governmental, 51 percent.

The net result was that Interior had a tight control over any and all importations into Puerto Rico from the smallest shipment to the largest, whether it went down there in the smallest boat or the biggest ship. However, whenever Food Distribution Administration could not use the total space of a ship, the trade was given the rest available.

D. FOOD DISTRIBUTION ADMINISTRATION

The counterpart of the program was handled by the Office of Food Distribution Administration in the Department of Agriculture at

¹ Source: Economy of Puerto Rico for 1942, p. 6.

Washington. At first the food was turned over to the General Supplies Administration of Puerto Rico, but later on, in September, Food Distribution Administration established an office in Puerto Rico whose personnel ran up to 218 employees, of which 202 are Puerto Ricans, to take care of the distribution in Puerto Rico. The purchasing was done by the Washington office. At first rice was delivered to wholesalers, but complaints came in from the island that the rice had not reached them.

To carry out their program of distribution, in December the Office of Price Administration adopted a rationing system for rice based on November 1941 figures. Rice was delivered by wholesalers in amounts to cover Office of Price Administration certificates issued to retailers. A black market arose. These measures were attacked vigorously as unnecessary and harmful, and the general accusation was that they amounted to nothing but control and regimentation of business by the Government.

On the one hand, Office of Price Administration and Food Distribution Administration claimed that this rationing and these regulations were necessary to protect the money invested by the Government, to normalize a situation that was getting out of hand due to hoarding, profiteering, black market, and to insure that all the people in all sections of the island, no matter how remote, had their equitable share in the foodstuffs being imported by Food Distribution Administration.

On the other hand, trade, and especially the large wholesalers and importing trade, hardest hit by the new set-up, charged that in effect Food Distribution Administration was taking their business away. The rest of the charges ranged from maldistribution in the island to mistakes in making the purchases of foodstuffs and commodities and lack of knowledge shown in their selection as to quantity, quality, packaging, etc. The changes effectuated in the distribution of the commodities and especially the selling for cash instead of credit have disrupted the regular channels of trade and have destroyed the credit system which had existed there from time immemorial.

Another charge was to the effect that inexperienced men with no previous knowledge of Puerto Rican conditions had been in charge of these activities. The personnel of Food Distribution Administration and their experience and background belie this charge.² Another charge was that the island trade and local experts were simply ignored, and finally, that mutual understanding between local trade and governmental agencies has never been possible because the latter have not cooperated.

E. PRACTICES ADOPTED, ERRORS, ETC.

1. Complete control by Department of the Interior and Food Distribution Administration.

Because foodstuffs were the most critically needed importations, they were given priority over everything else, and therefore, for a time at least, Food Distribution Administration had practical control of shipping space as far as this was concerned. The rest of the space was actually controlled by the Department of the Interior through the system of allocations and priorities and its cooperating insular govern-

² The Chamber of Commerce of Puerto Rico has challenged this statement.

ment agency known as the General Supplies Administration, the latter making recommendations regarding the kind of commodities or materials to be shipped.

2. Procurement advice from Trade Advisory Committee.

With regard to the procurement of foodstuffs and other commodities, many mistakes were made at the early stages of that program. To avoid repeating the many mistakes made in the beginning and thus to correct this bad situation, it was decided to establish a so-called trade advisory committee, whose function, as its name implies, was to advise the Department of the Interior and Food Distribution Administration what and how much of each commodity to buy, its quality, the proper packaging or containers, and other important trade or customary requirements.

3. No representative of island trade in committee.

The membership of the Trade Advisory Committee was decided upon by the Department of the Interior with no consultation from the insular trade and consisted of Americans only and no Puerto Ricans.

4. Charges of brand elimination.

When Food Distribution Administration asked for bids on certain commodities, some American firms submitted bids much lower than others, though specifications were the same. Those bidding higher claimed that their brands would lose the position they were enjoying in the market if the less-advertised or less-known brands of the low bidders were sold during the duration of the war to the exclusion of their brands.

Cries of brand elimination were heard all around. To avoid the damage which might result therefrom, Food Distribution Administration decided to market those less-known products under a neutral trade-mark known as Victory, to be the exclusive property of the Government. The use of that trade-mark would be discontinued as soon as was practicable.

5. Needlework materials not shipped.

The errors committed were not only with reference to the purchasing and selection of foodstuffs. Other errors were committed that affected the island quite as much.

For example, though allocations were made for the shipment of merchandise to be processed in the needlework industry, which would provide for the sole means of livelihood to thousands of workers, and though compared to all shipments then being made their total tonnage would not be much (500 tons per month was the amount the industry asked for), no cargo of this kind was being actually shipped. This particular item has been fortunately taken care of as hereinbefore described on page 11.

6. Charges of dislocation of trade and other charges.

Thus, while an examination of the plans adopted and the solutions agreed upon showed progress, further investigation showed that some of those same solutions were not actually carried out or at least not far enough to cure effectively the critical situation then existing. Charges of dislocation of trade followed.

When Food Distribution Administration invaded the local trade it sold its commodities on a cash basis to protect the Government's investment. Two charges were made by the merchants: First, that

the activities of Food Distribution Administration dislocated their trade; second, that it was destroying the credit system in use from time immemorial. They demanded that the regular channels of trade should be used to take care of the distribution, because they were in a better position to do so. They added that importation of commodities other than the most essential commodities procured by Food Distribution Administration should be restored to the trade.

When the members of this subcommittee visited the stores in towns and cities of the island, the insufficiency or lack of merchandise for sale was evident everywhere, especially of the basic commodities: Rice, beans, codfish, etc. And while these conditions existed, large quantities of those commodities were stored in warehouses of the Food Distribution Administration and the trade. The trade charged the Food Distribution Administration with erroneously storing them for too long a period of time, claiming that the commodities should have been distributed through the regular channels of trade immediately upon arrival, thus controlling both the tendency to hoard and its stepchild, the black market, more prevalent there than in any other place in the country, and thus dissipating the impression that there was lack of food.

At that time, the rationing of rice had been in effect in Puerto Rico only since December 1942, but had not been established for other basic commodities that would be the equivalent of such rationed commodities in the United States as coffee and sugar, which, needless to say, there is no necessity to ration down there because they are produced locally in sufficient quantities.

Incidentally, the Department of the Interior controls the selling figures and to keep prices down has subsidized some commodities (rice, beans, and codfish) at a loss figured at nearly \$1,000,000 for the last few months.

7. Stock piles in Puerto Rico and in continental ports.

This brings us to the question of stock piles. A spokesman for the island trade suggested that it be allowed to establish stock piles in the continental ports, to be notified by the Government when the ships were ready to take them on, and on the basis of the priorities granted. He added that the trade attempted to do this but that the Government had stepped in and forced the merchants to sell their goods to it upon their notifying the latter of the stocks they had in port ready for shipment.

The Government was evidently more interested in stock piles right in Puerto Rico, rather than in continental ports, and they felt it to be the logical, safe way to be prepared for the possible repetition of a future blockade crisis.

8. Importers denied right to import.

What we do not feel, however, to be logical or justified is that these merchants be defeated in their legal right and reasonable attempt to do their own importation, all things being equal. To defeat their efforts, even by these means in which they may make a profit, can have no salutary effects, neither during the war emergency nor for the post-war period. Discouragement breeds lack of initiative, and lack of initiative breeds paternalism. Of the latter we have had already too much against which both industry and labor in the island

have gone on record, and initiative is by no means to be hampered in any degree.

One cannot avoid thinking of the unfair trade practices resorted to by monopolistic interests when we witness the Government "forcing" these merchants to sell their products to it, or to put it more mildly, simply buying their products even though at a profit to them. Monopoly is hateful even when practiced by the Government for the common good, because in the long run it will not serve the best interests of the greater number of citizens, its only justification. Sometimes these measures, adopted as temporary, become permanent, and therein lies the greatest danger.

F. FOOD IMPORTATIONS FROM FOREIGN COUNTRIES

Total importations into Puerto Rico prior to the war from foreign countries have been estimated to be from 3 to 6 percent of the total value in dollars, the balance from the continental United States. However, that percentage has increased during the last half of the year 1942 and it is estimated that total importations of dry cargo (exclusive of tankers bringing in petroleum products) amount to 10 percent.

The increases of imports from foreign countries come mainly from Argentina, Santo Domingo, Haiti, and Cuba; from the former under an agreement with the Flota Mercante Argentina and from the other Caribbean islands under the plans of the Anglo-American Caribbean Commission relative to the aforementioned land-sea route.

It has been charged by the merchants of Puerto Rico that a clause in the agreement entered into with the Flota Mercante to the effect that at least 75 percent of its ships' cargo shall have to go directly to the continental United States (thus excluding Puerto Rico from said 75 percent) and the remainder not to exceed 25 percent to intervening ports between Argentina and the United States (which includes Puerto Rico) has worked to their detriment, in that sometimes other intervening ports take all the space up to the 25 percent or a large part thereof, and in those cases Puerto Rico cannot use part of that space for its importations sorely needed because they are not available in the United States or cannot be shipped there for many other reasons, among them war measures.

The Government takes the position that the 75 percent is used to bring in from Argentina the commodities needed in the war effort with priority over other cargoes and therefore cannot relinquish the space to the trade.

With regard to the importations from the neighboring islands of Santo Domingo and Cuba we can say that we have already described, in considering shipping, the purposes for which said land-sea route was established.

The following figures will give a good idea of what has been accomplished as a direct result of that land-sea route:

Up to January 23, 1943, a total of 7,244 tons had reached Puerto Rico, of which 6,158 were moved from Santiago de Cuba and 1,086 were moved over the road from Port-au-Prince to Macoris and thence to Puerto Rico. Since then we have learned that a total of 15,772 tons was sent to Puerto Rico and a total of 8,494 tons was sent to Jamaica through Santiago de Cuba.

CHAPTER 3. ACCOMPLISHMENTS

A. TRADE ADVISORY COMMITTEE

As soon as the Trade Advisory Committee was established, its first meeting held on March 5, 1943, and its membership made public, the subcommittee realized that there were no representatives of the island trade, that the membership was exclusively composed of men from the American export and manufacturing concerns who had knowledge of, or dealt with, the Puerto Rico trade. We realized that this would result in resentment from the island trade, which in our opinion would be perfectly justified. Secondly, it would surely undo the progress already made or retard future progress in establishing cooperation and mutual understanding, the lack of which had for a time created turmoil in the island-United States commercial relations.

These are critical times, and every effort should be bent to winning the war; it cannot be done by petty quarrels and discriminations. In line with our avowed purpose of encouraging and urging the settlement as far as we can of these urgent matters, the subcommittee early in March invited the Under Secretary of the Interior to discuss with us the advisability of abandoning or restoring to the trade the importation and distribution of a large proportion of the commodities and articles which were not essential to their program of procuring and importing foodstuffs.

B. PUERTO RICAN REPRESENTATION IN TRADE ADVISORY COMMITTEE

The Under Secretary readily saw the logic of our suggestions and promised (a) to include some Puerto Rican representatives in the Trade Advisory Committee, which shortly thereafter was done as promised, and (b) to give serious consideration to the latter suggestions.

C. RESTORATION OF CERTAIN COMMODITIES TO THE TRADE

The Department of the Interior resolved to follow our suggestion with regard to the restoration of the importation of certain commodities and articles to the trade. The Department submitted to us the lists of commodities and articles which were abandoned or restored to the trade and those which were retained, both of which lists were made public.

The counsel for the subcommittee has followed the work of the Trade Advisory Committee and attended some of their conferences. We have been furnished with copies of their proceedings to keep us informed of their work and decisions. At one of these conferences held in Washington on May 13, 1943, the Under Secretary announced that the Trade Advisory Committee had been called to recommend the commodities to be handled by the trade, adding: "So far as the

Department is concerned the more quickly the Government can get out of this job the better." Then he went on to say that until shipping returns to normal the Interior Department "reluctantly will hang on to that part of the responsibility" when referring to the centralized control over allotments of shipping.

Finally, he announced the basic conditions on which the turning over was made: (1) Trade would do its own procurement in United States, its own handling in United States, its own distribution in Puerto Rico, subject to the Office of Price Administration's controls and price ceilings; (2) Interior would not interfere with the Office of Price Administration to have price ceilings raised or modified; and (3) there would be no subsidies by Interior, as the commodities would be handled privately.

The amount of food and feeds imported by private merchants in June was practically the same as in May, while those imported by Food Distribution Administration decreased:

	May	June
Food Distribution Administration-----	44,208	26,837
Private merchants-----	7,191	7,279
Total-----	51,399	34,116

Our opinion is that even those still retained be restored at the earliest possible time compatible with the war effort and safety from emergencies.

CHAPTER 4. FREE DISTRIBUTION OF FOOD

A picture of the food situation in Puerto Rico would not be complete without mentioning the large amounts spent by the Food Distribution Administration for food which it has distributed gratis to needy persons and for the public-school lunch program.

Under section 32 of the Agricultural Adjustment Act, in June 1942 Food Distribution Administration established its food distribution program, in which it has expended the following sums: From June to December 1942, \$98,842.92; from January to May 31, 1943, \$1,109,464.87. Of the latter sum, the monthly expenditures were: January, \$414,974.44; February and March, \$361,705.84; April, \$90,034.43; and May, \$242,750.16.

The donations and contributions of foodstuffs benefited 205,342 school children and 566,229 members of needy families.

CHAPTER 5. LOCAL FOOD PRODUCTION

A. NORMAL ISLAND FOOD PRODUCTION

It is an elementary proposition that, in densely populated regions like Puerto Rico, food supply takes precedence over all other considerations. Here this paramount consideration has two features—local crops for local consumption and imports.

In considering the total food production of the island, when discussing shipping of foodstuffs thereto we stated that in 1939-40 the food crops of the island provided 396,760.5 short tons of food.¹ The latter is the normal food production of the island, and when broken into its different classes shows the following tonnage of commodities: Rice, 3,958 short tons; legumes, 20,000 short tons; corn, 18,405 short tons; and starchy vegetables, 354,388 short tons.

The acreage used in this production in 1939-40 amounted to 318,090. As we stated in our preliminary report, the total area of Puerto Rico is 2,176,386 acres. Of these, 870,554 acres comprise the land area, of which only 778,000 is arable land. The rest was used in 1939 as follows: For sugarcane, 305,000; for coffee, 191,400; and for tobacco, 5,800 acres.

The last three are the most important so-called cash crops, to which we have to add fruits, the major part whereof is for export and the minor part for local consumption. In view of the fact that coffee lost its markets and that the reduced production thereof since 1928 has been almost totally consumed locally, coffee has passed from the category of cash crop to take its place among the other locally consumed commodities; the same thing may be said to a lesser degree about fruits.

It is significant in this picture that land formerly cultivated for locally consumed foodstuffs has been changed to cash crops for export, thus making Puerto Rico gradually and increasingly more dependent on importation of continental agricultural commodities.

In analyzing the statistics we find that the acreage cultivated for food crops in 1899 was 30.01 percent of the total cultivated land, while in 1939 it had fallen down to 26.58 percent.

Further analysis will show that sugar acreage increased sevenfold while total food acreage increased only $2\frac{1}{6}$ times in that same period of time.

B. PLANS AND ACTIONS TAKEN TO INCREASE FOOD PRODUCTION

The impact of the war brought as a result the necessity of increasing crops for local consumption. Though experts on the matter had, for years, laid emphasis on the advisability of raising a larger amount of foodstuffs in the island as a practical help in the solution of the difficult

¹ The Chamber of Commerce of Puerto Rico has challenged this figure, claiming that it is "much closer to 200,000 tons."

problems of its economy, very little headway had been made. This was in part due to the keen competition from continental agriculture. Of no less meaning, however, has been the declining purchasing power of the laboring classes, mainly caused by constantly declining coffee, tobacco, and fruit agriculture and industrial activities.

Only under the compelling circumstances above referred to came the realization of this increase in local crops.

In 1939 Francisco Lopez-Dominguez, then Commissioner of Agriculture and Commerce of Puerto Rico, put into effect a plan which came to be popularly known as the "Lopez-Dominguez plan" and called for the government to furnish seeds, fertilizers, and insecticides to agricultural workers growing subsistence crops on land of large sugar landholders.

In January 1942 the United States Department of Agriculture War Board was established in Puerto Rico. The Board prepared a statement of food production goals for discussion and calculations between Federal and insular agencies. In fact for 6 months they had been considering the problem, and a previous plan similar in details had been submitted to Gov. Guy Swope. A revised plan was submitted to Governor Tugwell. Much disagreement and misunderstanding arose as to how the program should be set up. As a result, Work Projects Administration withdrew its support, limiting itself to its school lunch program. Charges of politics entered into the picture and there was an impasse between the Governor and Federal agencies, with the Sugar Association and the Farmers' Association lined up against the Governor.

On January 30, 1942, a meeting was called by the Governor to hold conferences between insular and Federal Government agencies to aid in the food production as a war measure made indispensable by the shipping crisis. That conference did not bring the desired results. Again on March 24 the Governor called another meeting, with similar results, in the course of which he submitted a tentative plan to be considered.

We could well conceive pusillanimity and lack of interest, on the part of these officials, in an outlandish place that means little to them in their life. But it is unbelievable, in the face of an insular crisis which could be seen approaching, in the face of national emergency and world-wide conflict, that these various Federal agents permitted the jealousies, animosities, and enmities existing among themselves and also against the Governor to preclude the crystallization of a rapid, well-conceived plan of action. This committee's words fail to castigate adequately the unpatriotic attitude on the part of those officials and agents concerned and responsible therefor, but it cannot sit in judgment as to who is right or who is wrong.

In due time the committee will consider this at length and propose measures to put to an end not the individual's actions but the system under which such practices can exist. That, however, is a long-range measure. In our opinion, criticisms made by this committee, and particularly the committee's verbal condemnation of such practices, will suffice for the time being, but solely as a temporary measure, as word-whippings do not last long.

In June 1942 another conference was called by the Governor in which the subsistence-crop part of the Lopez-Dominguez plan—that

section entitled "Plan de Siembras"—was adopted. It has been put into effect gradually. Following is a summary of the actions thereafter taken in furtherance thereof:

1. Seed and fertilizers furnished by government of Puerto Rico.

Seed and fertilizers were furnished from a special \$100,000 appropriation made by the insular legislature on March 30, 1942. The fertilizers then available in the island were frozen and rationed in the proportion of 75 percent for food production crops and 25 percent for sugar crops.

2. Loans granted and fertilizers donated to small farmers by Farm Security Administration.

The Farm Security Administration helped some 9,000 low-income farmers by continuing their loans for farm and home operations; and, beginning in April 1942, by purchasing in bulk and gratuitously distributing seeds, fertilizers, and insecticides from a special assignment received for that very purpose to farm families cultivating about 7,000 acres. From September 1941 to February 1942 it loaned and granted a total of \$3,747,998.69.

3. Loans granted by Farm Credit units to large farmers.

Since 1922 the Farm Credit Administration has granted 6,029 long-term loans through the Federal Land Bank of Baltimore to large farmers, a total sum of \$20,112,200. The intermediate bank has furnished the discount facilities to the agencies financing crop production, and the bank cooperative has furnished financing for agricultural cooperative institutions.

4. Crops raised by Work Projects Administration for school lunch program.

Works Projects Administration raised food for its public-school lunch program on land leased for that purpose.

5. Technical and financial help of Farm Security Administration.

At the last of the above-mentioned meetings it was decided also to ask that the Farm Security Administration give its assistance as necessary to direct the technical aspects of the program.

On February 21, 1943, advice came from the Farm Security Administration that it had decided to grant funds for the increase of local food production.

6. Establishment of guaranteed prices for local food production and marketing facilities.

In the opinion of the Governor, further expansion of the local food crop production program depended on the establishment of guaranteed prices and a comprehensive island-wide marketing service, and to that end he suggested that Agricultural Marketing Administration had authority to do exactly that, and therefore it should start immediately, funds to be supplied by Federal help.

The Department of Interior, the Department of Agriculture, and the Governor of Puerto Rico entered into an agreement on January 19, 1943, to carry out this program. It outlines their respective parts therein. Interior agreed to supply the funds necessary from the \$15,000,000 fund already referred to. Agriculture, through the Farm

Distribution Administration, undertook the responsibility of fixing the prices jointly with Interior. Immediately they announced the prices to be in effect until December 31, 1943.

The agreement further provided that land not being utilized for sugar crops during 1942-43 would be eligible to receive the support of such prices.

The insular department of agriculture and commerce undertook (a) to establish seed production centers, (b) to determine amounts and types thereof, (c) to pay for them, (d) to sell them at half price, and (e) to establish the distributing offices.

C. FURTHER SUGGESTIONS MADE

These measures, however, of themselves are considered insufficient to meet the food shortage brought about as a result of the war, especially because of the long drop in the purchasing power of the laboring masses caused by the decline of coffee, tobacco, and fruits, and further accentuated by the decline in industrial activities. Efforts are being made to aid in the program outlined and several suggestions were made.

1. *Increase of funds under Bankhead-Jones Act.*

It was suggested that, as authorized by Public Act 407, August 28, 1937, which extended the Bankhead-Jones Act to Puerto Rico, thereby helping the small farmers and the rural population, an increase be made from the \$100,000 already granted to the sum of \$248,000.

2. *Raising of crops by Surplus Marketing Administration.*²

It was also suggested that crops be raised or local crops be purchased by the Surplus Marketing Administration right in the island for free distribution to needy families, instead of shipping thereto commodities the islanders do not use.

3. *Increase of food production by Work Projects Administration.*

Another suggestion was that of increasing the production of food-stuffs by Work Projects Administration for school lunches and extending free distribution to needy families. (Incidentally, the latter will be accomplished under the program to be carried out under S. Res. 981.)

D. WAR YEAR 1942-43 FOOD CROPS³

The food crops in 1942-43 amounted to 489,673.5 short tons in comparison to 396,760.5 short tons in 1939-40, or an increase of 92,913 short tons.

In matter of acreage, the increase was from 318,000 in 1939-40 to 413,518 acres, or a difference of 95,428 acres. The increase in production of food, it will be noted, is a little over a ton per acre. It should be noted that food crop acreage has (including sugar and coffee) increased more rapidly than population from 1909 to the present time in Puerto Rico: from 130,000 acres in 1899 to 210,400 in 1909,

² Surplus Marketing Administration is now part of the Food Distribution Administration, together with the Agricultural Marketing Service, Federal Surplus Commodities Corporation, and the Commodities Exchange Administration, all of which were merged into the Agricultural Marketing Administration, and later into the Food Distribution Administration.

³ Source: The Economy of Puerto Rico, 1942, pp. 12-13.

to 308,400 in 1929, to 293,000 in 1939, and to 318,090 in 1940. If we include coffee, which, as already said, is now almost totally consumed in the island, the increase in local crop acreage would increase considerably.

Coming back to last year's increase. This fact alone should be evidence of the possibilities which the cultivability of lands that up to now had been left uncultivated for one reason or another can accomplish in making Puerto Rican economy to some degree more self-sustaining, provided it is not used for raising products for export, and, on the contrary, is used for local consumption. Of course, the cultivability of lands for all commercial purposes depends, to a great degree, on availability of capital, which in turn is not attracted except by profits. Show the way and capital will follow. In this paragraph we do not refer to the one-hundred-thousand-odd acres of idle land, the mountain lands, which of course have many possibilities for the purposes indicated herein.

The Planting Program of the Insular Department of Agriculture, financed by the Insular Government, helped farmers to plant 2,342 cuerdas of food crops during the month of August 1943, as a part of a program whose goal was 145,000 cuerdas, but which was revised down to 58,669 cuerdas from April 1943 to April 1944.⁴

This is, in brief, as far as we shall go now in considering the food production capacities of the island; as it is, we are running into the field of long-range problems to be treated later on. In our final reports we will also consider the proper crops that should be raised and the interesting part to be played by subsistence farms.

E. THE PRESIDENT'S INTEREST IN THE PROGRAM

At the request of the Governor and the Department of the Interior, the President signed an Executive order changing the limit of \$400, theretofore in effect on emergency crop loans, to that of \$2,500. He also recommended that War Production Board grant the priorities for the bottle-manufacturing plant.

He recommended on June 5, 1942, to the House a supplemental estimate of an appropriation of \$15,000,000 for the carrying out of the food crop program hereinbefore mentioned, but Congress did not make appropriation therefor.

The interest evidenced by the President in these matters, large and small, contrasts vividly with the lackadaisical attitude, and in some instances procrastination, of some of the Federal agencies and their representatives responsible for the welfare of the inhabitants of Puerto Rico.

F. HOUSE RESOLUTION 7505 (77TH CONG., 2D SESS.), PROVIDING \$15,000,000 FOR PUERTO RICO, AND RIDER ON TUGWELL'S INCUMBENCY

The Commissioner Resident of Puerto Rico, August 27, 1942, introduced a bill in the house—

* * * for the only purpose of encouraging and increasing production and distribution of food and food products for home consumption.

⁴ Source: Puerto Rico Monthly Statistical Report, Vol. 1, No. 2, Oct. 1943, p. 5.

This bill was reported out (Rept. No. 2641) on November 19, 1942, from the Committee on Agriculture with a rider reading thus:

* * * any appropriation made pursuant to this Act shall be conditional that the funds shall not become available at any time during the service of the present Governor of Puerto Rico.

And that was the end.

CONCLUSIONS: BASIS AND NATURE

In reporting the state and progress of the all-inclusive study and investigation of the socio-economic problems to us entrusted, we wish to repeat that we have gathered and scrutinized thousands of pages of testimony, memoranda, and data submitted by witnesses; that we are painstakingly considering every relevant and material fact and all figures submitted to us and trying to understand as thoroughly as is humanly possible to grasp the enigma which has eluded so many students in the past; and that our study is not complete, due to the magnitude of the undertaking, the difficulties involved, and the far-reaching nature of the measures which will have to be adopted.

We have not been unmindful of the work and efforts of other committees whose goal is similar to ours. We refer first to the President's Committee on Revision of the Organic Law of Puerto Rico and secondly to the House Committee on Insular Affairs. The views, suggestions, and recommendations of the first are contained in the message from the President of the United States Transmitting Report on Progress of Puerto Rico (H. Doc. 304, 78th Cong., 1st sess.) and are being considered by the subcommittee on S. 1407, a bill to amend the organic act of Puerto Rico.

In coming to the conclusions hereinafter stated, we did not deviate from our determination to treat herein, and at this time only, those aspects of our study and investigation considered as purely temporary; this fact must be kept constantly in mind. Our conclusions follow:

1. A grave condition, with possible catastrophic consequences, existed at the time this committee came into existence;
2. Those conditions have been sufficiently improved upon, corrected at least for the time being, as far as our national effort and control is concerned;
3. Credit for the improvement and correction thereof is due to the splendid cooperation of the Federal and insular administrations, awakened to the danger involved, part of which of course was in response to our activities and our insistence that the same be corrected forthwith;
4. Continuation of supervision of the same activities is indispensable until the emergency is completely over, with no danger of recurrence, or until the measures of a more lasting nature hereinafter referred to shall have been adopted and put into effect;
5. The last-mentioned measures should consist of a comprehensive plan for the solution of the social and economic problems of the island, based upon participation of local resources and talent and their cooperation; to that end, radical changes and appropriate overhauling of the governmental machinery controlling island-United States relations are indispensable.